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March 3, 2014


# Business Travel News

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## MANAGING MOBILE IN A BYOD WORLD

As more organizations  
adopt policies, costs  
and duty of care are  
trumping corporate  
control over devices

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# Hotel Chains Project Corporate Rate Hikes, Stronger Group Demand

BY MICHAEL B. BAKER

CORPORATE AND GROUP hotel rates at several major hotel chains are on the rise as meetings demand for 2014 and beyond increases and corporate transient negotiations conclude, according to executives speaking on separate February earnings conference calls.

Marriott International CFO Carl Berquist said that special corporate rate negotiations for 2014 are “largely complete” at his company, with corporate rates at comparable accounts up an average of 5 percent year over year in North America. With demand expected to gain momentum throughout this year, Berquist said Marriott plans to “further reduce discounting and drive rates higher.”

Negotiated corporate hotel rates for 2014 at Starwood Hotels & Resorts Worldwide properties increased in the mid-single-digit percentage range, company executives reported, and Starwood CFO Vasant Prabhu said corporate demand in North America this year would be robust.

“The mood in corporate America is positive, with a renewed focus on revenue growth and investment spending, which is good for our business,” Prabhu said.

Prabhu said that he expected rate growth to accelerate in Europe this year, with several hotels in the region nearing peak occupancy. China, meanwhile, continues to be affected by cutbacks in government travel, but Starwood has diversified sales efforts there to attract more corporate and leisure business, he added.

Marriott and Starwood executives, as well as those from Hyatt Hotels Corp., each cited a strengthening group de-

mand environment for 2014.

Hyatt president and CEO Mark Hoplamazian said both corporate and association group business in the Americas is up, particularly in Dallas, San Antonio and San Francisco. Event bookings in 2014 are up in the low-single-digit percentage range, with 2015 and 2016 “incrementally stronger,” he said.



“Our overall confidence in group has grown over the last several quarters. I’m encouraged to see a continued level of high production, and I do believe we will see good demand throughout 2014.”

—HYATT CEO MARK HOPLAMAZIAN

“Our overall confidence in group has grown over the last several quarters,” Hoplamazian said. “I’m encouraged to see a continued level of high production, and I do believe we will see good

demand throughout 2014.”

During the fourth quarter of 2013, group room nights at full-service Hyatt hotels in the Americas were up 3.9 percent compared with the prior-year period, and the average daily rate on those room nights was up 2.4 percent. Transient room nights at those hotels were up 3.3 percent during the quarter, and ADR was up 4.1 percent.

Starwood president and CEO Frits van Paasschen also said group booking pace is up for 2014, though the trend of higher volumes of smaller-sized meetings persists.

Berquist said group demand is strengthening at Marriott as well. Projected revenues from 2013 group sales for events scheduled during the next five or six years increased by 7 percent compared with 2012 bookings, he said. The overall group booking pace at the Marriott brand for 2014 is running 4 percent higher than last year, and the corporate group booking pace is up nearly 10 percent, which Berquist said was “very encouraging, since corporate demand is short-term.”

In the fourth quarter of 2013, the average daily rate on group stays increased 3 percent year over year, he added.

Meanwhile, Marriott president and CEO Arne Sorenson also reconfirmed plans to grow the hotel company’s U.S. footprint. In 2013, the company opened 15,000 new rooms in North America and was responsible for about one in five rooms opened in the United States, Sorenson said.

The company largely is focusing on secondary markets, with about 70 percent of planned U.S. development in areas outside of its largest 25 markets, he added.

“We would no sooner write off growth in the U.S. than we would in China,” Sorenson said. “We’ve got great years of growth in the United States ahead of us.”

## Southwest To Launch Dallas Love Field Service

**Southwest Airlines** plans to launch in October and November a bevy of new services at Dallas Love Field Airport, capitalizing on the repeal of the Wright Amendment, which for decades restricted service at the airport. Southwest plans to launch on Oct. 13 five new nonstop destinations: Baltimore/Washington, Chicago Midway, Denver, Las Vegas and Orlando. The carrier plans to debut on Nov. 2 10 additional routes from the airport, with nonstop services to Atlanta, Ft. Lauderdale, Los Angeles, Nashville, New York LaGuardia, Orange County, Calif., Phoenix, San Diego, Tampa and Washington National. With the new services, Southwest will nearly double the destinations it serves from Love Field.

## JetBlue, Southwest Acquire Slots Shed By American Airlines

**JetBlue Airways** and **Southwest Airlines** grabbed some of the sought-after slots relinquished by **American Airlines**. At New York LaGuardia, Southwest said acquired 12 slot pairs for new services to be announced in May, and “gained permanent control” of 10 slots it had used under a lease agreement with AA. At Washington Reagan National, Southwest won the bidding for 54 slots that would allow for 27 additional daily flights, expanding its schedule at the airport to 44 daily departures. Southwest did not specify which additional cities it would serve from National, but said new flying would commence in third quarter of this year. JetBlue secured 12 slot pairs at National and plans to add service to cities it currently does not serve from the airport. JetBlue also noted that American “agreed to a permanent transfer to JetBlue” of eight additional National slot pairs owned by AA that JetBlue has been using since 2010.

## Blackstone-Owned La Quinta Files To Go Public

**La Quinta Holdings** last month filed with the U.S. Securities and Exchange Commission for an initial public offering. The midprice hotel chain—which as of September had a portfolio of 819 owned, franchised and managed hotels—is the latest entity owned by **The Blackstone Group** to begin the process, following public offerings completed last year by **Extended Stay America** and **Hilton Worldwide**. La Quinta’s average daily rate during the first nine months of 2013 was \$79.71, up 4.8 percent from the prior-year period, according to the filing. At press time, La Quinta had not released a date for its IPO or an initial price for its stock.

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“It is right that over the last few years American did lose corporate share. I think we will win our natural share back by virtue of the network we now have. ... I think you’ll see us improve even beyond where we have been historically in corporate.”

—American Airlines president **Scott Kirby** during a Jan. 28 conference call

“We have not lost heart or initiative. We’re going to continue to push because [the commercial segment] certainly declined in terms of profitability contribution and revenue mix.”

—Avis Budget Group CEO **Ronald Nelson** during a Feb. 20 conference call, referring to his May 2013 vow to “have some spine” when negotiating for rate increases with commercial clients



“It’s a question of time to get those relationships done and some technology work around integration. It may take a little longer than expense-receipt integration, but we see encouraging trends in that direction.”

—Concur chairman and CEO **Steve Singh** during the company’s Jan. 29 quarterly earnings call, on participation by suppliers in Concur’s TripLink open-booking service

“The strategic decision to move forward with a [first-bag] fee has not been made. ... If the IT team and our outside suppliers can’t deliver a solution that is commercially reasonable, feasible and competitive, we wouldn’t go forward with implementing a fee.”

—WestJet CEO **Gregg Saretsky** during a February conference call, discussing upgrading the carrier’s Sabre-powered res system to enable the exemption of certain travelers from a potential first-bag fee



## Interview: BCD Travel’s Bridgeman



BCD Travel recently made available for iPhones its TripSource mobile app. Developed with Dublin-based Mobile Travel Technologies, it provides itinerary management and trip-sharing functions, flight status alerts via FlightStats and other features. Scheduled for release in the second quarter, TripSource Enterprise will enable hotel and air bookings and include communications tools for travel managers. The app also is an early component of the travel management company’s nascent loyalty program (see story, page 8). *BTN*’s David Jonas

recently spoke about the app’s development with BCD Travel senior vice president **April Bridgeman**, who also serves as managing director of the TMC’s Advito consultancy. Excerpts follow.

**Business Travel News:** Tell us more about the app’s development.

**April Bridgeman:** We did have to do some work inside to our infrastructure, basically to enable the app to get the information it needs to consume. Work has been done primarily by MTT. They are known mostly for their work in the B-to-C travel space. That’s one of the key reasons we selected them. They have worked with other third-party providers to drive some of the functionality and to prepare our platform for the things we want to do. We are developing very quickly now that we actually launched in our first two markets [the United States and Canada].

**BTN:** Are there self-service profile management capabilities for travelers within the app?

**Bridgeman:** No. Not at this stage.

**BTN:** Why not?

**Bridgeman:** There’s just not necessarily that need. When you look at our priorities for what we want travelers to be able to do, making profile updates available through the mobile handheld channel wouldn’t be on the top of that list. Think of the format and how much content is available in your profile today, and making that look great and work well on a mobile device ... that’s probably not where it will end up going. Certainly there will be the capability for travelers to update aspects of their profile that are relevant to the things they are doing in the app. For example, if they are booking a hotel we’d want them to be able to, if they needed, switch a credit card or form of payment, or if for some reason they hadn’t already put their loyalty number in for that chain.

**BTN:** Air and hotel bookings are planned for the enterprise version. How did you assess when to include that functionality?

**Bridgeman:** We presented some significant research that suggests—particularly in hotel—a growing trend for bookings on the mobile device. There already are some best-practice user experiences that we can look to in the mobile hotel booking arena that have made it simple, easy and practical to book hotel through mobile devices.

**BTN:** And airfares?

**Bridgeman:** That lags a little in terms of the most recent research I have seen. But I also believe that for those that provide a really practical user experience, it will grow and is something that we intend to provide after the hotel booking experience is enabled via mobile.

**BTN:** What is the timing for availability on other platforms, and in other countries and languages?

**Bridgeman:** We are already developing in several other languages and will begin rolling out across Europe in March. We hope to have the app available in 11 European countries by June. We will also be making the app available on Android and mobile web next, and already have had a team working on the Android version for the last month and a half or so.

**BTN:** How much thought was there into doing just a mobile web version, rather than native versions?

**Bridgeman:** Quite a bit. Given the types of things we want to do in the environment long term, we did believe we needed some ability to use the functionality that only is available when you are programming in the operating system. I don’t want to suggest we are building everything in native. We have some core components that are used across all platforms. A mixed approach will serve us best in the long run. Mobile web just does not drive the type of user experience we want to drive, but we know we need to make it available for those platforms where we either don’t have a strong business interest to develop or where we just haven’t gotten to it on the roadmap.

**BTN:** What’s next?

**Bridgeman:** The first pieces of functionality around the TripSource enterprise version are coming soon. We will be using MTT’s Engage platform. It already has quite a few capabilities to send very targeted push notifications: location-based, itinerary-based, etc. We’ll be making that available at the corporate level and will have a nice administrative console that will enable business rules to be written in a pretty easy fashion and allow corporations to extend the influence of their business travel program to what’s happening when travelers are on the road. We can get very targeted, very relevant, very contextual and very personal very quickly. 🔄



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# Loyalty Games: Big TMCs Begin Implementation

BY DAVID JONAS

WHETHER CALLED gamification, employee recognition or loyalty, there's a wide spectrum of opinion on how best to encourage corporate travel behavior.

American Express Business Travel, BCD Travel, Carlson Wagonlit Travel and Travel and Transport are among those agencies developing programs that let clients measure and reward employee booking choices, and each is jumping into loyalty from a different direction. It's a concept also being explored by the likes of Egencia and World Travel Inc.

Travel and Transport's loyalty work for corporate travel clients has seen fits and starts. Its genesis lies with a loyalty division the company started in 1990 to serve financial institutions, retailers and others interested in employee rewards programs.

In 2008, Travel and Transport brought the idea to corporate travel with the introduction of the Travel Smart program, designed to reward travelers who made "the right decisions," according to company information. Seen by the TMC as "ahead of its time"—before gamification became a corporate travel industry buzzword—it was shelved. Sensing that the mindset had changed, Travel and Transport tried again in 2012 with its Points 2 Points program. Late that year, the TMC was "just a few weeks away from the first launch when a [client] company's compliance department asked them to put a hold on the project due to further review," according to a Travel and Transport official. "We are finding that although corporations are excited about a new model that could change the landscape of how they manage travel programs and many want to be first out of the gate, corporate compliance can challenge travel managers to provide historical data that proves rewarding business travelers is the right thing to do."

In 2014, at least three Travel and Transport clients have determined that it is and have begun program implementation, with many others showing strong interest, according to general manager Michelle Holmes.

"We have the infrastructure that has been built over 20-something years as the foundation as what we have been doing to launch it in the corporate travel world," she said.

That foundation includes a proprietary web-based rewards platform and rules engine linked to the agency's travel processes. "We think of it as a filter by client that is set up based on what those



rules should be, to award or not award points," Holmes explained. "It sits in our back office, and as reservations are booked they pass through the filter."

Rules are customizable based on the program metrics and booking behaviors a client wants to track and incentivize. Incentives can be a rating or status travelers earn, "traditional" points that can be cashed in for gift cards or merchandise, or points that can be redeemed to offset future noncompliant bookings. Holmes said clients haven't shown much interest in the last of those options, with the traditional points model thus far the "most desirable."

Travel and Transport also has connected the loyalty system to its mobile platform. "We have a mobility application for the Points 2 Points product so a traveler can view and redeem points online," said recently promoted CIO Michael Kubasik.

## 'Super-Compliance'

Carlson Wagonlit Travel in late January released a study on travel management priorities that found 15 percent of 970 surveyed global travel managers are "interested in game techniques," and 43 percent "are unsure what this implies" (see story, page 10). In that study, the TMC suggested changes are underway to "the culture of control within companies, with a perceptible shift toward carrot rather than stick approaches."

CWT publicly launched its new gamification platform on Feb. 17, and expected seven pilots to be running by the end of February, according to CWT Solutions Group Americas senior director Joel Wartgow.

Originally planned for a fall 2013 release by CWT Solutions Group, the system was delayed while the TMC integrated it with CWT Portal, a single-sign-on website for travelers that provides program and destination information, access to designated booking systems and other tools. CWT Portal is

a prerequisite for applying the gamification platform, to be made available for a fee to customers globally.

The mechanics are similar to those of Travel and Transport's program. Every 24 hours, all agent-assisted or self-booked transactions are consolidated in a data repository via CWT's globally integrated back office, fed through a rules engine "and filtered to identify what type of recognition should be assigned to an individual traveler," Wartgow said.

CWT established 16 compliance measures (advance booking, for example), which can be customized to client preferences. But the TMC went a step further. "In most compliance measurement today, it's very binary: compliant or noncompliant," Wartgow said. Clients using CWT's gamification platform, however, can reward "super-compliant or exceptional" behavior. That could relate to just how far in advance a traveler books or picking the one hotel property among three preferreds that the client wants to emphasize most. "You can have two hotel programs," Wartgow suggested, "one that is your standard hotels and another which is these super-compliant hotels."

He said CWT developed the option of rewarding employees for exceptional booking behavior in response to concerns of some customers who were not comfortable with recognition based merely on following policy—something expected of travelers anyway.

Recognition can come in the form of achievement badges, points accrual and leaderboards that can rank the performance of individuals or groups of employees. Unlike Travel and Transport, CWT isn't handling any points redemption. "We do have a partner that we can recommend if a company is interested in fulfillment," Wartgow explained, adding that some clients are keen to connect points earned from travel booking behaviors to other pre-existing internal employee recognition programs.

## Mobile App As Entry

At BCD Travel, loyalty is a relatively new play, and unlike CWT, it's starting with a mobile app. "Most of the OTAs, the airlines, the hoteliers ... they all have some kind of loyalty program," said BCD Travel senior vice president April Bridgeman, who also serves as managing director of the TMC's Advito consultancy. "As a travel management company, we haven't done as much as, of course, a B-to-C company would have over the years in marketing directly to travelers."

To do so now, the TMC first is focusing on its newly launched TripSource mobile app. "We decided early on to integrate a pretty comprehensive loyalty platform into the app that could end up being multi-channel," Bridgeman explained. "We will be developing on that platform more aspects of a loyalty program as we move forward," but for now, an early objective is to make the app "sticky."

"First and foremost, we want to engage travelers in the app, encourage them to do certain things around downloading, coming back, taking certain actions, sharing their trips," she explained. "At this stage we're simply running giveaways."

But the platform ultimately will be customizable based on customer needs, enabling clients to reward travelers for policy-compliant booking. "If we know, for example, that hotel programs don't have the same level of attachment or adoption with TMCs as airlines do, we want to give travelers the same types of reasons to book with us as they have to book with the online travel agencies."

## Amex: Improvements For Citrix

American Express, too, is building out a "traveler engagement program" and reported travel program improvements at early adopter Citrix Systems. Developed with Badgeville, the system awards status badges for various encouraged booking behaviors.

Launched in November, the Citrix version of Amex's GoTime platform is "tailored to their culture and travel program gaps," according to an Amex spokesperson.

Based on preliminary results following the 90-day pilot, Citrix within 35 days realized 4 percentage point improvements versus the prior year in preferred airline bookings and hotel attachment rates, and "there has been a shift to booking further in advance (seven to 13 days out) among travelers," according to the spokesperson. 📍

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# CWT Again Finds Savings As Top Travel Management Priority

BY DAVID JONAS

TRAVEL MANAGERS planned to prioritize in 2014 their search for “innovative ways to generate savings,” according to Carlson Wagonlit Travel’s latest annual study on travel management’s most pressing issues. Savings also has been top of mind in the previous two years, according to CWT’s research.

For the 2014 study, released in late January, CWT in November 2013 collected responses from 970 travel managers worldwide, including 270 in North America. Seventy percent of both groups rated as a “high” priority finding new ways to save. Among North American respondents, 62 percent indicated as a top priority efforts to “further promote the travel program,” followed by driving greater online adoption (53 percent) and optimizing “end-to-end travel processes” (43 percent). For both North American travel managers and all respondents across the global survey base, reinforcing corporate social responsibility was the least cited among seven listed travel management goals, at 17 percent and 16 percent, respectively.

“As business travel and prices grow in 2014, companies with mature travel programs will be looking to exploit opportunities for incremental savings as well as bring new areas into the scope of the program,” according to CWT’s report. It cited as opportunities automated airfare tracking and rebooking, consideration of public and other ground

transportation options, and strategic meetings management.

The TMC also pointed to opportunities for negotiations with airlines that “take into account an estimate of the total cost of [various ancillary] fees on a company’s top routes to highlight competitive gaps between carriers,” and consider “any major discrepancies” in airline fuel costs and surcharges. CWT also wrote that airlines increasingly are willing to negotiate point-of-origin fares rather than point-of-ticketing fares, something that can “produce savings of several percentage points.”

CWT suggested that as travel managers push to explain program benefits, and as traveler preferences evolve, “the culture of control” is changing, “with a perceptible shift toward carrot rather than stick approaches.”

“In the United States, for example, point-of-origin offers are quite common among companies with accounts of over \$100 million,” the report noted.

In terms of travel program promotion (a top priority for 54 percent of the global survey base), CWT suggested that as travel managers push to explain program benefits, and as traveler preferences and behaviors evolve, “the culture of control” is changing, “with a perceptible shift toward carrot rather than stick approaches.” One method is

to incentivize travelers for responsible booking behavior, though when asked about “game techniques,” 43 percent of all survey respondents indicated they are “unsure what this implies.” Fifteen percent said they’re interested.

Meanwhile, CWT characterized as “respectable” the 16 percent of total respondents who identified corporate social responsibility as a top 2013 priority. The TMC has “noticed an increase in the number of environmental and ethics questions in requests for proposals,” according to the report. “This increased focus on CSR is being driven

partly by a stricter regulatory landscape as environmental and labor laws tighten worldwide, especially regarding carbon reporting and duty of care.”

CWT added that some buyers consider “a prompt payment policy to support small to medium companies and look for ways to increase the use of local contractors.” The report also suggested greater attention being paid to traveler well-being, including service for “the needs of specific populations of travelers, such as people with disabilities.”

## Karmis To Head New Sabre Corp. Solutions Division

BY DAVID JONAS

SABRE LAST MONTH combined into its newly formed Global Corporate Solutions division business lines that serve corporate customers and named former Travelocity Business president Yannis Karmis to lead it. The group encompasses the GetThere booking tool, the TruTrip system for managing and tracking bookings regardless of source, the TripCase Corporate mobile app, which by year-end will fully replace Sabre Virtually There, “and other areas of the business that support corporate travel.”

Karmis also will continue to lead the Travelocity Partner Network, a position he assumed this year when Sabre sold TBiz to BCD Travel.

According to the registration statement Sabre filed in January in relation to its proposed initial public offering, Sabre Travel Network intends to “invest significant resources” in such “workflow



Sabre's Yannis Karmis

optimization” tools as the Sabre Red App Centre and TruTrip.

Sabre announced TruTrip last summer. The idea is to combine TripCase’s aggregation capabilities with GetThere and Sabre Red technology to synch itineraries across channels and make all the associated information available

to travelers, their employers and their travel management companies. “We have been engaging with customers on functionality, how it will work and getting feedback from them to continue fine-tuning various functionalities,” according to a Sabre official. “We will announce launch date at the end of Q1.”

Meanwhile, launched in 2009, the TripCase itinerary management app now is used by 2.5 million travelers, more than 15,000 travel agencies and 26 airlines, according to Sabre. In 2013 Sabre made available TripCase Corporate, with features for managed travel programs.

According to the Sabre official, the company in North America and Europe already has “migrated off Sabre Virtually There,” the itinerary solution that was a precursor to TripCase. “Latin America will move this summer,” the official continued. “We plan to sunset it officially by the end of the year.”

NEWSLOG

## Sabre Unveils TripCase ‘Dashboard’

Sabre last month made available a communications “dashboard” for users of TripCase Connect, a set of tools for serving travelers across channels. Dubbed Communications Manager, the dashboard enables suppliers, travel agencies and corporate clients to “manage and customize their online communications to travelers” via a single interface. TripCase is Sabre’s itinerary management product—now part of a newly formed corporate solutions division (see story, this page).

## ARC: Jan. Transactions Flat

The number of air transactions settled through ARC in January was about flat year over year. In aggregate and excluding refunds and exchanges, mega agencies processed 1.6 percent fewer air transactions than in January 2013, the third such decline in the past four months. Mega agencies include **American Express**, **BCD Travel**, **Carlson Wagonlit Travel**, **Expedia’s Egencia**, **Hogg Robinson Group** and **Omega World Travel**. Online agencies (mostly leisure-oriented agencies, but also including BCD Travel’s **Travelocity Business**) processed 3.9 percent fewer ARC transactions year over year while agencies characterized as “other” had the strongest showing, with aggregate January transactions up 4.4 percent year over year, according to ARC. The “other” category has not experienced a year-over-year decline in ARC transactions in any month since June 2013.

## Egencia Offers Mobile Rates

**Egencia** last month said clients using its mobile app to book hotels exclusively can access discounted rates for about 7,200 properties. The **Expedia**-owned travel management company indicated that “mobile-only” deals available through the TripNavigator app also are accessible by U.S. and Canadian travelers via Egencia’s “mobile booking website.”

## Visa, SAP To Integrate

**Visa** plans to integrate with **SAP Financial Services Network**, enabling clients to electronically automate invoice payments through SAP, the card network announced last month. The integration will take effect this summer, according to Visa.



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# Dinova Reports Client Spending Growth, Starts Program With Harman

BY MICHAEL B. BAKER

CORPORATE DINING network Dinova is growing its restaurant base and exploring technology to increase traveler use of its network and broaden its appeal to managed travel programs.

As corporate travel demand generally has rebounded during the past few years, corporate dining spending also has been on the rise, said Dinova president Vic Macchio. Among a static group of Dinova clients, spending on dining increased about 5 percent in 2013 compared with 2012, and Macchio projected another increase between 3 percent and 5 percent this year, much of that stemming from restaurant price hikes.

In addition to higher meal prices, managing dining budgets has challenged buyers due to fragmentation in the restaurant space. Some who have attempted negotiations with restaurants found it fruitless.

“We’ve garnered tremendous attraction among the corporate clients out there, particularly the *BTN* Corporate Travel 100 crowd,” Macchio claimed. “Dining is about the third-largest spending category—all indications say it’s higher than car rental spend—so this is an opportunity of great interest to travel buyers.”

Launched in 2009, Dinova acts as a third-party negotiator with restaurants for rebates based on corporate volume and compliance. Rebate structures vary by client.

While “corporate dining” usually brings to mind high-end steakhouses and wine-and-dine eateries with white tablecloths, only about 20 percent falls into that category, Macchio said.

As such, the 10,000 restaurants currently in Dinova’s network cover “the full gamut of restaurants required to accommodate corporate spending,” he said. That includes fine-dining restaurants, midscale casual dining spots including the Outback Steakhouse and Bonefish Grill, such grab-and-go establishments as Au Bon Pain and Boston Market and fast-food chains like Pizza Hut and Jamba Juice.

As Ruth implements the program, she will work in a given area to get restaurants that Harman employees already frequently use into the Dinova network while also pushing nearby restaurants already participating, she said.

“We’re doing the first quarter in Northridge, to get our feet wet, make mistakes and learn a few things,” Ruth said. “We have seven campuses at Farmington Hills, with lots of engineers

sistants, they’ll have influence with their managers and engineers,” Ruth said.

Dinova is exploring other ways to increase compliance. The company currently has a web app and is in the final stages of introducing a mobile search app for the iPhone and Android platforms. It also intends eventually to integrate with corporate booking tools and other travel technology components, Macchio said. Through such integration, a traveler arriving in Dallas, for example, could be greeted with a text message offering a welcome and a list of in-network restaurants they might consider, he explained.

Ruth said the mobile route is “where we want to go” at Harman, adding that she also planned to use LinkedIn and other social media outlets to promote the program.

Other clients are asking Dinova to help improve policy enforcement, Macchio said. For example, it could indicate with an icon that higher-level restaurants are acceptable only if an employee is dining with a client or prospect and instruct them to drop to a lower tier of restaurants when meals are for internal meeting purposes.

Other projects in the works for this year include network restaurant mapping, dollar-sign designations, reviews of network restaurants and the ability to include special offers from network restaurants, Macchio said.

For now, Dinova’s restaurant network is limited to the United States, though it plans to develop a global network, Macchio said. While U.S. chains with restaurants elsewhere would “be the first logical choice” for overseas expansion, he said that “we need to put our own resources out in those markets to build up a locally relevant, international network of restaurants.”

Many of Dinova’s clients are global companies with inbound travelers, so the network already offers a way to direct travelers who might not be familiar to a market to trusted restaurants. As Harman regularly hosts employees coming from China, India and, following its 2012 acquisition of entertainment lighting company Martin Professional, Denmark, Ruth said the network would be a helpful resource.

“Perhaps it’s a location they’ve never been to, and they don’t know what would be a good restaurant to go to,” she said. “Familiarity is important to international travelers, and they look to us in the travel department to be their resource for that information.”



“Dining is about the third-largest spending category—all indications say it’s higher than car rental spend—so this is an opportunity of great interest to travel buyers.”

—DINOVA PRESIDENT VIC MACCHIO

Beyond chain agreements, Dinova also tries to work with clients to add specific individual restaurants.

Lynnora Ruth, corporate travel manager for North America at Harman International Industries, estimated that restaurants makes up 10 percent to 15 percent of her company’s travel spending. Harman this year is implementing a Dinova program as part of a targeted focus on secondary spend categories. Ruth said she is using a phased approach, first centering on the area around Harman’s Northridge, Calif., site, and later this year expanding to Harman’s Farmington Hills, Mich., and Stamford, Conn., locations.

coming and going, so it’s huge from the perspective of both internal meetings and meals on premises. After that, we will reassess and see how we’re going to approach the remaining locations in the United States.”

To maximize rebates, Harman within its GetThere booking tool is inserting a scrolling marquee with a link to Dinova’s website. Ruth also is putting information into the expense reporting tool and overhauled intranet travel site, and also plans email notifications.

For an extra push, she’s planning a lunch—catered by a Dinova network restaurant—for executive assistants. “If we get the buy-in from the executive as-

NEWSLOG

## HRG ‘Cautious’ About Travel Recovery Pace Amid Transaction Growth

Hogg Robinson Group last month reported that client travel transactions during the four months through January increased 6 percent versus the prior-year period while client spending edged up 1 percent. The company’s revenue fell 2 percent, though at constant currency showed no change. In its interim management statement for the fiscal year ending March 31, HRG reported that a recovery in trading conditions is “continuing in the United Kingdom and North America, while markets elsewhere in Europe and in Asia present a mixed picture and remain generally weak.” The travel management company noted “strong

growth in domestic rail bookings, particularly in the United Kingdom. However, while there are some indications that international air travel activity across our client portfolio is beginning to re-emerge, growth continues to be slow.” According to HRG chief executive David Radcliffe, the company is “cautious about the pace of recovery.”

### State Consortium Extends Deal

The Western States Contracting Alliance-National Association of State Procurement Officials Cooperative Purchasing Organization and U.S. Bank extended their existing purchas-

ing agreement for up to seven years, the bank announced last month. The contract with WSCA-NASPO was also expanded to include fleet cards, in addition to the purchasing, travel and one-card products already available. The contract allows states, cities and public educational entities to issue one payment per month to cover all purchases on each card type. Travel and procurement managers also can monitor transactions online “almost immediately,” according to U.S. Bank. WSCA-NASPO holds the first-ever negotiated multistate airfare program, developed in 2013 with Southwest Airlines.



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## Interview: Airberlin Vice President Titus Johnson



**Business Travel News:** How much of your corporate business on the transatlantic is from the Germany point of sale and how much from the United States?

**Titus Johnson:** Out of Chicago, a significant point of sale comes from the U.S. market. That's partly due to the American Airlines connections. In Miami, for example, which is a big tourism market, it's mainly incoming. With the extra schedule, the strategy is to build a greater U.S. point of sale there. For JFK, it's just under half from the U.S. point of sale.

**BTN:** How much of your business demand is contracted corporate business?

**Johnson:** We have over 1,000 agreements with corporates, so a lot of it is mandated. But also a lot of the business-class traffic comes from independent [corporate travelers] who want a better experience at a better price. They're not particularly mandated, so they've got freedom of choice. We're a young, fresh brand, so if they have an opportunity to try us, they take it. That's the path we're taking here in North America.

**BTN:** What's your approach to corporate deal-making?

**Johnson:** We think we take a very pragmatic approach, which is to give a very good fare in the market and nurture the business. We're still a young brand here. We're very flexible in that regard. We work with a number of big companies in North America.

**BTN:** Are travel management companies a valuable sales channel in the United States?

**Johnson:** It's fundamental to us. The lion's share of our revenue comes through the ARC channel. We have 80 agreements with travel agencies—80 separate managed agreements. We

pick carefully who we work with, but it's been very successful. Of those 80, we've pretty much seen growth out of every one.

**BTN:** Do you also participate in corporate deals via Oneworld?

**Johnson:** We are a participant. Airberlin has activity in several Oneworld contracts. Oneworld sets up the corporate agreement, and they ask [member] airlines to supply pricing. It's segmented, so the other carriers can't see it. There are several companies who benefit from Airberlin's corporate pricing via the Oneworld umbrella.

**BTN:** American is a key partner in the United States. What does its merger with US Airways mean for you?

**Johnson:** The merger is exciting for us. We've got a growing number of code shares with American Airlines. As US Airways comes into the fold, we are confident that will open up new codeshare gateways for us, such as Washington Reagan and Philadelphia. For example, if you look at US Airways service from JFK Terminal 8 to Philadelphia, with approval, that could work well with Airberlin, feeding from Philadelphia via JFK to Berlin or Düsseldorf.

**BTN:** What about new U.S. markets? Will Airberlin put some new pins in the map?

**Johnson:** Our strategy is to add service to our existing gateways and fill them up. We started as a seasonal player and developed into a very credible major operator out of, for example, JFK and Miami and Chicago. That's where the focus is. It's our strategy to fill frequency via our U.S. gateways either with our own metal or with partner airlines, such as American Airlines.

**BTN:** When will U.S. travelers get to try your new business-class product?

**Johnson:** From the spring, every Airberlin aircraft with two cabins coming into North America will have the fully flat business-class product. There are only 19 seats, and that makes it more intimate than the competition. They're exactly the same beds that Etihad has on their business class, and Etihad has won a number of awards for their cabins. If you look at where the product has come in the past couple of years, we've really taken some very big

We have 80 separate managed agreements with travel agencies. We pick carefully who we work with, but it's been very successful. Of those 80, we've pretty much seen growth out of every one.

steps to attract the corporate market with the right product, the right pricing, the right frequency and the right destinations.

**BTN:** What are some other examples of cooperation with Etihad?

**Johnson:** One of the major strategies of the strategic partnership was to find synergies in all areas of both airlines' business, looking for opportunities, cost savings and efficiencies. That's been fundamental in the strategy of Etihad and Airberlin. It covers a whole range of disciplines—working together, pooling resources and sharing knowledge. There's people from Etihad who work in Airberlin head-

quarters. Airberlin is a regular visitor in Abu Dhabi.

**BTN:** I'm intrigued by what Etihad is doing in Europe. How do you play into that?

**Johnson:** Etihad has been very successful by doing their own thing: taking minority shares in airlines, supporting them, developing them and [operating] through codeshares as well. We're a major part of that strategy. It's working very well for us. They're a tremendously strong partner and very supportive of Airberlin. When Etihad took the equity stake in Airberlin just over two years ago, there was almost no network overlap. Everything Etihad flew was east of Berlin and everything Airberlin flew was west of Berlin, essentially. So you just took a map of both networks, with no overlap, it was a very good mix. It's proven to be successful.

**BTN:** You've inked codeshares with other airlines in which Etihad holds a stake. How do you fit into Etihad Regional, the new brand stemming from Etihad's stake in Darwin Airline?

**Johnson:** It's just another opportunity for us, where Etihad Regional goes, to link into that network.

**BTN:** What's going on with the airport in Berlin?

**Johnson:** It's not going to open this year, unfortunately. We want it to open. Airberlin was the biggest loser when it didn't open because we built our schedule with the premise of a new Berlin airport being built. We've kept that schedule, but we're eagerly awaiting that to open. We'll be the biggest carrier there and have the biggest market share, and we look forward to developing business out of Berlin. That airport will give us a better opportunity to do so. When it opens, it will be superb. 🌟

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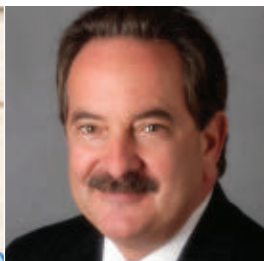
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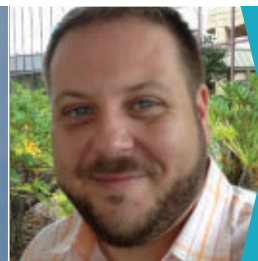
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# KDS Unveils 'Neo' Expense Tool, Details Self-Booking Enhancements

BY JoANN DeLUNA

Paris - One year after KDS reimagined online booking with its Neo door-to-door self-booking tool, the technology company will try to do likewise with expense management.

ORIGINALLY  
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the beat  
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Ditching the typical spreadsheet-like interface of most expense systems, KDS on Jan. 29 unveiled Neo Expense, available now, a tool that allows users to take smartphone images of receipts, then import them into a daily or monthly calendar. Expenses are displayed on the day and time they were incurred, giving context as to the purpose of the spend and allowing users to catch discrepancies more easily, CEO Dean Forbes told the audience here at an annual KDS conference.

To launch the camera from the Neo Expense mobile app, users first select the type of expense they're photographing—lunch or taxi service, for example. Once a photo is taken, the system asks the user to highlight the correct amount on the receipt. Using optical character recognition, the amount automatically is inputted and a line item is completed in the expense report. Users can amend the amount in the app if it's incorrect. Once all line items are in the system, the user presses a button and a complete expense report is created in about 30 seconds.

While several expense tools offer mobile receipt capture and accept credit card data feeds, users still must manually pair the receipt with the expense. In Neo Expense, taking photos of receipts instantly creates a line item, which then syncs with credit card feeds.

"It's not just taking digital images of receipts," Forbes said. "It's creating expense line items, and the user doesn't have anything more to do."

In creating the tool, KDS wanted to simplify the existing report-creation process, much as it did for self-booking with Neo, Forbes explained. In examining its previous expense offerings, KDS officials noticed users would switch back and forth between their calendars and expense reports to figure out expenses and match receipts.

"That's where the flip-flop happened," he said. "If users were going between the expense system and calendar, why can't the calendar be the expense system?"

In the Neo Expense display, icons representing such typical expense items as meals and taxis fill a calendar box. A separate box on the screen de-



picts credit card charges, which can be dragged to a specific date. The system is color-coded, with an expense box missing a receipt displayed in yellow, for example. Users can write explanations in the comments box and manually input expenses not paid with a credit card or booked through Neo, senior vice president of product and partners Oliver Quayle explained. Users move items

and in seconds Neo displays a door-to-door travel itinerary. While voice activation currently is available only in English, Forbes said French-language voice activation is in development.

- New integration with Microsoft Outlook allows Neo to develop a travel itinerary based on details from meeting requests in a user's email calendar. Users click a KDS Neo icon within Out-



"In a spreadsheet, you can't see the context [of a particular expense]. This gives the benefits of noticing under- or overclaiming. It's a story, a narrative of the claim."

—KDS's OLIVER QUAYLE

to different days by dragging icons but have the option to view expenses in a more traditional line-item display.

"In a spreadsheet, you can't see the context," Quayle said. "This gives the benefits of noticing under- or overclaiming. It's a story, a narrative of the claim."

## KDS Augments Neo Capabilities

KDS also announced enhancements to the Neo self-booking tool, outlined plans for development and unveiled new content partners.

The company listed four new features for Neo, all available immediately:

- Voice activation allows users to initiate a travel itinerary through the Neo mobile app. Users state their arrival location, date and time and departure details

look to launch the booking tool.

- Through integration with Google Maps, Neo now can display public transportation options in more than 50 countries. That includes bus and subway options, walking distances, time required and the number of stops on a ride, all in a fashion similar to that of Google Maps. Directions include color-coded icons making it easier for travelers to spot subway or train lines.

- The Neo "Complete Choice" option allows users to adjust individual legs of trips. For example, users can click a suggested flight option to view more flights and price points. Similarly, users can view more hotel options on a Google map to assess locations and compare prices.

KDS also will provide "full-content access" to Southwest Airlines—something already contemplated as part of KDS's alliance with nuTravel—as well as access to content from Spanish rail operator Renfe, KDS vice president of product strategy Dan Fitzgerald told the audience here. Fitzgerald also said the company is developing a solution for Neo that would address airline ancillary fees.

## The Neo Of The Future

Ideally, KDS wants users to "do less and get more," according to Quayle. The company is developing products that focus on "me," the user. "Join Me" would allow users to add colleagues to itineraries so they can share flights, hotels and cab rides, thereby generating greater productivity and savings.

Additionally, as users travel, the "Follow Me" solution would warn travelers if a leg of a trip needs to be rebooked. "It will give you the option to rebook and rebuild your timeline to get you to the meeting on time," Quayle said. "Meet Me" also would allow users to arrange meetings with groups of individuals.

"Hopefully we will show some of those features at the next conference next year," Quayle said.

KDS unveiled Neo at last year's annual conference, and Forbes claimed more than 100,000 users in the subsequent 12 months.

## KDS Names Americas GM

The conference also marked Mike Concannon's first day as KDS general manager of the Americas. A former global account executive with meetings technology company The Active Network, Concannon is responsible for North American strategy and budgeting. He reports to Quayle, according to the company.

Forbes previously has said that KDS would expand in North America, and Quayle on Jan. 29 told *The Beat* that the firm first would expand its North American sales team before selecting a home office location. A potential office location is Minnesota, where KDS partner Carlson Wagonlit Travel is headquartered.

CWT also released a statement reaffirming its relationship with KDS and noting it would offer Neo Expense to clients in North America, Asia/Pacific and Europe, the Middle East and Africa. CWT also noted that it expects "more than 100 clients around the world will choose KDS products by the end of 2014."

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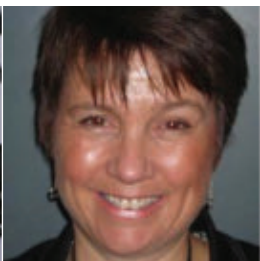
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# CWT CEO Anderson Pledges Greater Ownership Of Technology

BY AMON COHEN

ALLEGING THAT the third parties on which travel management companies have relied heavily to develop products critical to corporate travel have not always delivered what the market needed, Carlson Wagonlit Travel president and CEO Doug Anderson last month vowed to take greater ownership of his company's technology to assure sufficient innovation for customers.

Booking tool providers in particular have failed to keep pace with consumer websites, Anderson told *The Beat*, creating problems for the entire travel management industry by tempting travelers to look beyond official distribution channels for their trip needs. "We are evolving from being a technology integrator over the last 10 years to being more of a technology owner and a developer, where we have the opportunity to create innovation," said Anderson.

He cited as primary examples of CWT's new strategy the October 2012 acquisition of mobile travel technology company WorldMate and the global partnership, announced last summer, with KDS to create a customized version of its acclaimed Neo Travel booking tool.

Asked why he rated the importance of the KDS deal so highly, given that it is only a partnership (although CWT has a long-standing 8 percent stake in the tech company), Anderson said: "As travelers start to demand more of a consumer experience, we need a response that is more holistic than traditional online booking tools. We've been looking for this for some time, and Neo is that solution. Travelers have not been satisfied with online booking tools.

TMCs gave up ownership of online booking channels, and there has been resulting underinvestment."

Anderson's comments again beg a question asked several times in recent months: Must CWT acquire KDS to shore up its tech strategy and hold off competitors? "Probably not," he said. "We're very satisfied with our relationship with KDS. It enables us to distribute Neo on a global basis, and none of the

mer slated for release by mid-year and the latter by the end of 2014. Looking further ahead, CWT is working on introducing to the app aspects of Neo's door-to-door trip booking, but "the user interface will have to be different on mobile," he said. "You've got to start simple and funnel down the choices."

Anticipating that 50 percent of self-service reservations by 2017 will be made through mobile devices, Ander-

son said that gives travelers reasons to stay with the program."

Asked if CWT needs to take ownership of and innovate other aspects of its technology, Anderson replied: "We have a proprietary desktop and mid-office. We don't have our own expense management capabilities, but we will continue to do that with other parties. We are investing in redeveloping Program Management Center, our reporting platform. We will do a lot of things to improve its quality and flexibility.

"We have a hotel directory that enables customers to check peer reviews, and we are bringing that feature in to CWT To Go," Anderson continued. "We are also unique in having a global profile system, and we have a short list of customers using that today."

Anderson rejected the suggestion that technology companies like Concur and KDS have wrested the strategic vision for corporate travel from the multinational TMCs. "What we do for customers goes beyond having expense management and booking tools," he said. "Disruption to travel requires us to make adjustments for our clients' travelers, and 65 percent of our

transactions are not booked online. It will still be very important to have a complete end-to-end offering that others aren't built to handle."

Rival American Express in September 2013 announced its intention to create a joint venture for its Global Business Travel division with a group of investors who have pledged to pump \$700 million to \$1 billion into the business to "further enhance its suite of products and services." Is that a game changer in the technology strategy race with CWT and other TMCs? "It will bring some capital into the business that Amex has not had," said Anderson. "It's a strong competitor going forward, but I don't see it as a game changer." 



"Travelers have not been satisfied with online booking tools. Travel management companies gave up ownership of online booking channels, and there has been resulting underinvestment."

—CWT PRESIDENT AND CEO DOUG ANDERSON

others have that. And [KDS CEO] Dean Forbes has said KDS is not for sale."

CWT's relationship with KDS is not exclusive, but CWT executive vice president of global marketing and enterprise strategy David Moran said the TMC is creating a customized version of Neo Travel. "It will not be easily replicable by others," he said. Moran added that CWT has addressed some North American content shortcomings in KDS, such as the level of access to Southwest Airlines, and there also would be integration with the CWT To Go mobile app, based on WorldMate technology.

Moran said CWT has completed successful beta tests of hotel and air booking for CWT To Go, with the for-

son and Moran regard mobile as crucial for many functions beyond booking, including dynamic messaging, security tracking and WorldMate's itinerary sharing and email booking data parsing capabilities. These latter technologies can help CWT track reservations data if customers' travelers go down the much-discussed "open booking" route, as practiced by one of its clients, Google. However, said Anderson: "I don't see medium and large companies loosening up [by allowing travelers to book what they like through any channel they like]. They continue to identify the things around optimized programs as their most important priorities." Moran added: "Let's try to create a better

## CWT Blames U.S. Government Sequester For 2013 Sales, Transaction Dip

Sales volume at Carlson Wagonlit Travel in 2013 fell 2.7 percent year over year to \$26.9 billion, the travel management company announced last month, and global transactions declined 2.3 percent to 60.3 million. CWT said sales and transaction figures would have grown—thanks in part to new business sales of \$1.9 billion and a claimed client retention rate of 98 percent—had it not been for the federal budget sequestration in the United States.

"The impact on U.S. military and government spend was in the range of [a spend reduction of] 25 to 26 percent," said CWT president and CEO Doug An-

derson. "U.S. government and military accounts for 8 percent of our total business globally and 15 to 20 percent in the United States."

Anderson said the sales hit was unconnected to the new iteration of the U.S. General Services Administration's E-GovTravel Service travel management program, in which CWT's CWTSato division must compete with Concur for civilian government business. "Seven or eight civilian agencies have re-signed agreements with us," he said, referring to extensions under the first-generation ETS program. "We haven't lost any ETS-related business at this stage."

Asked if CWT is too heavily exposed in the U.S. public sector, Anderson replied: "No, we're not overexposed to that business. It's great business for us, and we're delighted to have it."

Stripping out U.S. military and government travel from its results, CWT's 2013 global sales volume rose 0.3 percent year over year and transactions were up 0.4 percent, which CWT attributed to the mixed economic climate.

Better news for CWT is that the figures disguise recent improvement. Anderson said bookings increased significantly in the fourth quarter of 2013, an upturn that has continued into the first six weeks of

2014. "We're where I thought we might be a year ago," he said. "At the end of 2012 we expected growth. Now we're actually seeing it." Europe, the United Kingdom and Germany are leading the way, but Anderson said Spain and Italy have stabilized as well.

CWT's Energy, Resources & Marine division in 2013 upped revenue by 9 percent, and revenue for consulting arm CWT Solutions Group rose 4 percent, but revenue for CWT Meetings & Events dropped less than 1 percent, which Anderson attributed to clients traveling nearer to home.

—Amon Cohen

# U.K. TMC Hillgate Introduces Private Sabre Red App For Content Aggregation

BY AMON COHEN

London - If integrating air, hotel and rail content from global distribution system and non-GDS sources in a single, fully automated environment is the Holy Grail of agency distribution, then U.K.-based travel management company

Hillgate Travel claims to have found it. Hillgate last month here at the Business Travel Show introduced

ResWay, touted as the first application to provide reservations agents the full ability to handle aggregated GDS and non-GDS content. Regardless of the source, all ResWay bookings are integrated in the Sabre GDS, with customer profiles and payment systems, booking information, agency remarks and other transaction details all flowing automatically into passenger name records.

ResWay is a private Sabre Red application, meaning Hillgate has adapted Sabre Red Workspace technology under a license to create a customized tool. Most Sabre Red apps are public, with licensees creating tools to sell to travel agencies. However, about 5 percent of Sabre Red apps are built exclusively for licensees' own use, according to a Sabre spokesperson.

Hillgate managing director Anthony Rissbrook told *The Beat* that his company created the concept and wireframes for ResWay. But the technology was built by Travelfusion, a U.K.-based content aggregator serving 250 client travel agencies (of which Expedia is the largest) and providing low-cost carrier content for corporate booking tools

furnished by Amadeus, Sabre, Concur and iFAO.

"Travelfusion created the software behind it, but it was Hillgate's idea and we did all the testing," Rissbrook said. "We've created the tool, so we are not paying for it. Others will have to pay."

Travelfusion CEO Moshe Rafiah said his company 18 months ago had started developing an offline integration tool for TMCs when it was approached by

click opens a window on the lower part of the screen—directly below the blue-screen portion—containing both GDS and non-GDS options, accomplished with XML connectivity. Flights can be sorted according to price or time and filtered by carrier or airport preference.

When an agent selects a flight, the reservation is prepopulated with the customer profile. Ancillary options follow and are selected in the same environ-

accommodation. During the demo, *The Beat* requested a room at the Café Royal in London. The GDS search found a rate of £395, but a parallel non-GDS search found a room at the same hotel on Expedia for £319. Hillgate IT services development manager Glenn Watson said combined searches frequently reveal no availability for a hotel via a GDS but availability at the same establishment can be found via online accommodation retailers.


Rissbrook said ResWay significantly has boosted productivity for Hillgate agents. "We are able to complete a booking 30 percent quicker by not having to look at the GDS and then hunt through numerous websites," he said. "We were also constantly coming up against customer noise about online booking tools being better than GDSs."

Hillgate claims to be the largest wholly owned travel management company in the United Kingdom, handling £150 million of annual client business and employing nearly 200 staff. Half of its corporate clients are in the financial services industry.

Asked if ResWay is a halfway house to what the International Air Transport Association is seeking to achieve through New Distribution Capability, Rissbrook replied: "It's a three-quarter-way house. The one thing it doesn't do is automatically tailor the offer to the traveler, although we do have profiles featuring travelers' likes and dislikes. ResWay bridges the content gap that NDC wishes to fill."

Although the generic TF Desktop is its first foray into the TMC market, Travelfusion is a well-established aggregator that provides content from more than 220 low-cost carriers.

"We process 22,000 tickets and 50 million supplier searches daily, but offline was something we didn't exist in, although we do power [aggregation tools] NetCheck on Sabre and Amadeus All Fares," said Rafiah. "We decided we had to enter the desktop environment by interfacing with the existing infrastructure provided to TMCs, so we have started acting as an in-house developer for TMCs. We are going after every TMC now, although TF Desktop is not as scalable as application programming interface integrations because you have to do a lot of customization."

In addition to Sabre Red, TF Desktop can interface with Amadeus Selling Platform and Travelport. 

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thebeat.travel



"We complete a booking 30 percent quicker by not having to look at the GDS then hunt through numerous websites. We were also coming up against customer noise about OBTs being better than GDSs."

— HILLGATE TRAVEL'S ANTHONY RISSBROOK

Hillgate. It now sells the technology under the name TF Desktop to other TMCs. Rafiah said another five TMCs have started implementation.

In a live demonstration of ResWay for *The Beat*, a Hillgate agent started with a familiar Sabre blue screen deploying native GDS commands. For an air booking, the agent specified a route as normal, and the screen displayed flight options available in the GDS but also indicated whether non-GDS options from low-cost carriers were available. When agents want to consider booking a non-GDS option, a

ment without requiring a punch-out to the direct airline site. Payment can be made with the client's card, though as an alternative, Hillgate partnered with virtual card number provider Conferma to generate single-use 16-digit card numbers by making one more click. As is the usual case with virtual card numbers, the Conferma payment information can be supplemented with such details as project codes or cost centers. Once the reservation and payment are completed, all details load automatically into a PNR.

A similar process can be used for

## NEWSLOG

### HRG Acquires Full Ownership Of Hong Kong Joint Venture

HRG last month announced that it acquired full ownership of a Hong Kong joint venture operated with **Westminster Travel**. A deal by Australia's CTM to acquire a controlling interest in Asian travel management company Westminster, finalized last month, provided HRG the opportunity to discuss purchasing the 49 percent of the Hong Kong JV that had been held by Westminster. CTM in November announced plans to acquire a 75.1 percent stake in Westminster, which has offices in Hong Kong, Singapore, China, Macau and Taiwan. Shortly after, HRG CEO David Radcliffe told *The Beat* that "Westminster Travel is contractually obliged not to compete against us in the corporate travel space

in Hong Kong." A statement from Radcliffe indicated that the deal to make the HRG Hong Kong operation wholly owned "reinforces our commitment to the Asia/Pacific markets."

### Silvercar, Travelport Partner

Travelport last month inked a multi-year distribution deal with **Silvercar**, enabling Worldspan subscribers to book with the rental car firm. Active at airports in Austin, Dallas, Los Angeles and San Francisco, Silvercar has a fleet of Audi A4s that includes such features as navigation, satellite radio and in-vehicle Wi-Fi. The rental car company professes to streamline the rental pickup and drop-off process through

automation and enables renters "to manage their entire rental experience via smartphone app," according to the Travelport announcement.

### Travelport, BA Renew Deal

British Airways and Iberia last month renewed "multi-year, full-content" deals with **Travelport**, concluding contentious negotiations in which BA threatened to revoke content access. The deal gives Travelport subscribers "access to published fares and inventory on all British Airways, Iberia and Iberia Express flights," according to Travelport. "In addition, the airlines will continue to work with Travelport to add ancillary content."

## Interview: Outgoing Lufthansa CEO Christoph Franz



**Business Travel News: What are the biggest accomplishments you've achieved during your three years at the helm?**

**Christoph Franz:** I think one of the major accomplishments clearly was creating consciousness of the need for change in the company. This is always easy when your P&L has your back against the wall and everyone is aware that they must contribute, but when you are showing profit, even a tiny one, then the willingness to accept difficult changes is much more limited. I feel the fact that we have been able to create this awareness that we need change and that we got the buy-in of management and employees to contribute to this process is a major achievement, which I cherish and that I hope will continue because I am absolutely aware that this is not going to be a process which ends when we accomplish our Score program of internal cost-cutting and change processes. The need for change will go on, as the framework for the airline industry is constantly changing as well.

Looking back, the new strategic setup for our European traffic in order for us to improve substantially our market position towards the low-cost carriers by growing our own low-cost carrier Germanwings, thus protecting our German home market, was a major step forward, which will bring a lot of benefits even next year.

Also, Lufthansa culture generally has been a very inward-oriented airline culture, but our customer base is a very broad one that includes people from all different parts of the world. That has to be reflected in the way that we are running our business and the diversity of our employees, and not only in the cabin, where we have been very diverse for many years, but also in general. Competitive pressure is requiring a lot of flexibility and this also is reflected in mental openness. So never be too satisfied. Always be self-critical enough

and be vigilant when we look around at what our competitors are doing and ask, "What can I learn?" We went from an only-invented-here syndrome to a steal-with-pride orientation. There are a lot of good ideas around. It's not only important that I, and the executive board, have this attitude, but this has to become part of the culture.

Having served as chairman and CEO of Deutsche Lufthansa AG since Jan. 1, 2011, **Christoph Franz** in May will leave the company to become chairman of Swiss healthcare firm Roche, where he is a board member. Lufthansa last month appointed Carsten Spohr to succeed Franz, effective May 1. Franz recently spoke with The BTN Group editorial director David Meyer about his accomplishments, his outlook for the airline industry and Lufthansa's corporate relationships. Edited excerpts follow.

**BTN: What is your outlook on European business travel demand?**

**Franz:** European economies are showing increasing signs of growth. Even those countries where we have seen shrinking GDP in the last years have stabilized their economies. More importantly, the stabilization is not just coming off a general upswing, but it is also the outcome of a structural reform that has been implemented in recent years and that is now starting to show positive effects. It gives me a lot of confidence that the way forward for the European economy has a fundamental positive basis that will continue over the next years. We are not expecting a boom or a very strong growth situation, but stable and increasing growth is something that we would embrace.

**BTN: What is your outlook on European business travel demand?**

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Lufthansa is in the very healthy situation that we are running our business out of the most attractive European markets: Germany, Switzerland, Austria and Belgium. Our home markets are less affected from the downturn than other European countries. Clearly, we are running a 360-degree hub business with all European countries connecting via our hubs, but we also are enjoying an upswing again from some of the Mediterranean countries.

**BTN: We've been seeing corporations restrict premium travel. Is your launch of premium economy the way forward or do you think that business travelers will return to the premium cabin?**

**Franz:** There is a big question mark about how difficult it is to reverse

corporate travel policies once you restrict them, whether this is reasonable or not. I question to what extent this affects a shift from first to business class.

With regard to the new premium economy class, I'm quite confident that we will see, particularly for business people, a shift from economy class to premium economy class. I don't see this as downgrading because the product quality between premium economy and business is quite substantial. That was actually the reason why we introduced it. With fully lie-flat beds in business class, the product gap between business and economy has increased again and is now very substantial.

**BTN: Looking forward, do you see the relationship between the airline and its corporate customers changing?**

**Franz:** It will strongly depend on the budget pressure inside big corporations. We have seen that the classic way of setting up corporate agreements has not necessarily always triggered a move towards using an airline. In many cases, we have seen that we basically fix the upper price level and, given the IT tools, the best-price buying policy has spread quite a lot among big corporations. Maybe this is only a temporary trend, but it is also clear that if all the investments we do with regard to product quality, etc., and in the end the ranking list on the computer screens is reduced to the two letters L and H, that's not enough.

Whatever we will do, I think we should always be aware that at the end of the day we are reflecting customer demand. Lufthansa is trying to be innovative in offering quality products at a price premium. If the willingness is not there to pay for this quality, then we will have to adapt our offering.

**BTN: A lot of corporate travel buyers in Europe are concerned that there appears to be more influence of airline revenue management departments in negotiations. That makes it harder to get deals and that is why they are looking more at this kind of best-price policy.**

**Franz:** In a good and open discussion with our corporate travel partners, we have to achieve balance with the interests because we are willing to give attractive discounts to our best partners. This is true for today and also for the future. The other way around is that we need adequate volume because clearly we have substantial seasonality in the demand structure, and it is always difficult to give substantially discounted tickets in high-peak demand times. That is what you mentioned in referring to the revenue management guys, and we have to balance these two interests. That's the job of the negotiation. On the one side, the corporate travel departments and the travel agencies are able to better steer traffic flows and our revenue management is able to better to steer in peak times. The ability to have more sophisticated steering tools on both sides requires having a different quality of discussion.

**BTN: Because of a ruling by Germany's cartel authority, Lufthansa no longer can require clients to submit to its AirPlus International subsidiary card payment details with all airlines.**

**Franz:** This was a consequence of a change in our contracts. It was not designed to get competitive details but to create incentives to use Lufthansa as compared to the overall sales with other airlines. The cartel office refused the way we set it up, and we have thus adapted our contracts and the structure of our incentives. It's not an issue anymore.

**BTN: We've seen an evolution with joint ventures in recent years. Is that the platform for significant global growth?**

**Franz:** It is a very important tool for doing things in the market in the future, but we should not underestimate the need to build the same label. A commercial joint venture can cover a lot of different mechanics and structures behind it. It is not one tool that remedies everything. We need approximately 10 years of bilateral cooperation with United to go one step further and modify it in order to further increase the quality of cooperation and also increase the right incentivization. So yes, I think it's something that will continue to grow but at a slow pace. 🔄

# Hub No More: United Plans Big Cuts In Cleveland

BY JAY BOEHMER

UNITED AIRLINES by June will significantly reduce operations at its Cleveland Hopkins International Airport hub, cutting 60 percent of daily departures and eliminating roughly 470 employee positions, according to the carrier. The bulk of the service cuts, set to begin in April, comprises regional airline services operated by partners, with mainline flights, hub services and top-tier nonstop business city pairs largely intact.

“Our hub in Cleveland hasn’t been profitable for over a decade, and has generated tens of millions of dollars of annual losses in recent years,” according to a Feb. 1 memo to employees from United CEO Jeff Smisek. “We simply cannot continue to bear these losses.”

Smisek noted that United would cut just “one of our 26 peak-day mainline departures.” Yet, regional departures from Cleveland would be slashed by more than 70 percent. In total, available seat miles would decline 36 percent.

“When the schedule reductions are fully implemented in June, we plan to offer 72 peak-day flights from Cleveland and serve 20 destinations from Cleveland on a nonstop basis, including to all our hubs and to key business markets,” which would include New York LaGuardia, Washington National

and Boston, according to Smisek.

To advance its merger with Continental Airlines, United in 2010 cut a deal with Ohio officials to maintain at least 90 percent of Cleveland flights for at least two years.

“No city has been more supportive of its hub carrier, and no group of employ-

United CEO Jeff Smisek said the decision to cut Cleveland flying was driven in part by a pilot shortage, which he said has been exacerbated by new Federal Aviation Administration work rules.

ees has been more dedicated to providing great service,” according to Smisek, “but the demand for hub-level connecting flying through Cleveland simply isn’t there.”

Smisek said the decision to cut Cleveland flying was driven in part by a pilot shortage, which he said has been exacerbated by new Federal Aviation Ad-

ministration work rules.

“Those new regulations have caused mainline airlines to hire regional pilots, while simultaneously significantly reducing the pool of new pilots from which regional carriers themselves can hire,” he noted. “Although this is an industry issue, it directly affects us and requires us to reduce our regional partner flying, as several of our regional partners are beginning to have difficulty flying their schedules due to reduced new pilot availability.”

Indeed, Cowen and Company airline analyst Helene Becker last month noted that “mainline carriers continue to shift their operations to mainline flying from regional flying as a result of the industry pilot crunch.” That trend, illustrated in Cleveland, is especially troubling for regional airlines that fly on behalf of major airlines, Becker noted.

While United expects to keep operational bases in Cleveland for mainline pilots and flight attendants, employee cuts would include “up to 430 airport operations positions and approximately 40 catering personnel in Cleveland,” set to begin in June.

United on its website vowed to accommodate impacted passengers, noting that those who booked through a travel agency “will receive notification from the agency.”

## Etihad Considers Alitalia Investment

**Etihad Airways** is nearing a deal for “a possible investment” in **Alitalia**, the two companies confirmed last month. Financially troubled Alitalia is a **Delta Air Lines** partner in **SkyTeam**, as is **Air France-KLM**, which has a codeshare partnership with Etihad. Etihad also owns a piece of **Airberlin** and in November agreed to buy a stake in Switzerland-based regional carrier **Darwin Airline**. **Lufthansa** lodged an objection to the potential deal with the European Commission, according to Reuters.

## Eurostar, DB Ally

Rail operators **Eurostar** and **Deutsche Bahn** now offer single-ticket fares for connecting itineraries between London and 12 German cities. With a “change of platform” in Brussels, the shortest journeys are between London and Aachen and Cologne. Itineraries on those routes, as well as services between London and Bonn, Düsseldorf, Frankfurt and Munich, can be purchased on the Eurostar website. Through tickets between London and Berlin, Bremen, Duisburg, Essen, Hamburg and Hannover are on sale only through Eurostar contact centers.

# European Parliament Proposes New Air Passenger Protections

BY AMON COHEN

THE EUROPEAN PARLIAMENT last month approved the first reading of proposed refinements to the European Union’s EU261 regulation on air passenger protections, some of which are much detested by airlines. Carriers may welcome a new cap of five nights for accommodating passengers grounded by extraordinary circumstances, such as the 2010 volcanic ash cloud or political unrest.

However, most of the other proposals, which must be approved by EU member state ministers before becoming law, clamp down harder on airlines.

In particular, the European Parliament noted that only 2 percent of passengers who file complaints against airlines for delays or cancellations receive compensation. Airlines often wriggle out by citing extraordinary circumstances, during which they are required to look after the passenger until they are flown to their destination, but not to pay compensation.



The new draft rules state that airlines would have to provide a full written explanation of the “extraordinary circumstances” obviating the need to compensate. Members of the Euro-

pean Parliament also want to create an exhaustive list of what would be defined as extraordinary circumstances.

Carriers failing to reply to a complaint within two months would be deemed

to have accepted the passenger’s claims. Airlines also would be required within 30 minutes of a flight being delayed to make contact persons available at airports to inform passengers about their rights and complaints procedures.

Additionally, the revised EU261 deals with the rights of passengers to use or not use ticket coupons. Airlines would be barred from denying boarding to passengers using the return portion of their ticket if they did not take the outbound journey. The updated EU261 also would introduce U.S.-style rules regarding tarmac delays. Passengers would have the right to disembark after two hours (assuming no security risks exist), and after three hours they would have the option of reimbursement, a return flight to their point of origination or re-routing.

Member state transport ministers meeting as the Council of Ministers in June 2014 can choose either to accept the European Parliament’s position or propose their own.

## Interview: Motel 6/Studio 6 CEO Jim Amorosia



**Business Travel News: What has the Blackstone acquisition meant for Motel 6?**

**Jim Amorosia:** When Blackstone bought us, they did their due diligence and saw there was an opportunity for capital investment in regards to the asset, so they assigned approximately half a billion dollars in [capital] investment over what would be anywhere from a 36- to a 48-month period. We started planning for it when they took us over, but we started officially spending it at the [beginning] of 2013. We renovated 98 company [properties] last year. We're going to renovate 125 this year, give or take 125 company [properties] next year and a few dozen in 2016. We're basically 100 percent renovated by the end of 2015. Prior, we were renovating but very small quantities, maybe 20 or 25 hotels a year. We were looking for matching types of thought process of investments from the franchise community, but because it was such a slow-growing process, there really was no momentum that was going on. With Blackstone, that momentum has come along very nicely to where, in 2013, our franchise partners renovated almost 200 locations, and this year, while we renovate 125, they're going to do 300. It's kind of like that snowball going down the hill. As they start to see there's credulity in the process, they are much faster to want to get on, and they also see that when these properties are renovated, there's a significant lift in regards to the top-line performance.

**BTN: What do the renovations entail?**

**Amorosia:** We're renovating the entire asset, so it ranges from a mid-level renovation, where you're doing all the floor goods, soft goods, color goods, lobby, exterior treatments, asset repairs—whether it's a franchise or an owned asset—versus a full renovation, which is all of that plus all the [furniture]. It depends on which makes the most sense in terms of what

*Los Angeles* - In the managed travel space, the economy hotel segment gets much less attention than midprice and upscale tiers. That certainly was true of Motel 6 less than a decade ago, but in more recent years the chain has made measurable strides in attracting corporate business on the national level. Motel 6/Studio 6 CEO **Jim Amorosia** in late January spoke with *Business Travel News* lodging editor Michael B. Baker here at the Americas Lodging Investment Summit, offering insight on the brands' expansion in the corporate space as well as an update on growth and renovations underway since October 2012 when Accor sold the brands to Blackstone. Edited excerpts follow.

you believe your penetration lift is going to be, in terms of the investment you're going to put in and the rate you think you'll be able to charge for that particular property. The [new] Motel 6 prototype, we opened that up in 2009. We have been able to take this room and amplify it across all our existing assets. If you look at the design of the room, it's quite flexible. It has the ability to be put into a lot of different style room types and assets, and it's the same with the Studio 6 room, so we've been able to duplicate it across many different properties without having to build a new hotel. The [mid-level renovations] typically run about \$3,500 per room, and the full [renovations] typically run about \$7,000 per room.

**BTN: Do you do much business on the managed corporate travel side?**

**Amorosia:** Eight years ago or so, Motel 6 did virtually no [business-to-business]. That's not to say that we might not have an individual location contract, but nothing on a national level. In 2013, we did \$140 million. In a period of seven or eight years, we went from a standstill to a run. Within the next couple of years, we're going to cross a quarter of a billion, and by 2017, that B-to-B should be somewhere between \$300 million to \$350 million. It opens up a whole new avenue for us.

**BTN: Why is that happening?**

**Amorosia:** We have some interesting tools in our chest that we can offer to a business that most other economy brands cannot. We offer a direct-bill concept, where whether you own one hotel or 25 Motel 6s, you're able to structure that invoice, and you're able to see on one single invoice every single transaction that occurred across all 25 hotels for that particular customer. So, you know at any given point in time what kind of business our sales force is bringing in to you in terms

of driving your top line, and you're able to see for a nominal fee what we're doing in terms of controlling the receivables. We do that internally, for our owned assets and for our franchises. Let's say you're a contractor, and you've got maybe 20 crews out across the country, and each crew has five or six people, so you're taking five or six rooms in any particular location. You're able to see on all those locations exactly how many rooms each particular crew did, identified by your user base. It's been a tremendous boon for our franchisees, because they don't have to deal with the paperwork, and understanding where all these people are. We're also tying all of that through our distribution. So now we can have these customers—whether they are staying at an owned asset or a franchised asset—be able to go online through the mobile app or whatever it might be, and they can actually track the status of their people while we're tracking the invoice. We're the first in the economy segment to be able to do it at every single location.

**BTN: Have you grown your sales force?**

**Amorosia:** About two years ago we doubled our sales force. We wanted to be able to go from just outbound national sales, selling for future bookings across a various large area of the country, to having regionally inbound sales. So, we have national salespeople and regional salespeople.

**BTN: What's happening with growth?**

**Amorosia:** We opened up 90 in 2013, we're projecting 185 openings in 2014 and well over 200 going forward from that standpoint. In either 2017 or 2018, we'll go from slightly less than 1,200 hotels today to 2,500 hotels. In five years, that's spectacular growth. We were franchising prior to Blackstone taking us over, and we were doing quite well in franchising, but one thing

Blackstone has brought to the table is the credibility of a very large hotel player—a player that owns Hilton, La Quinta, Motel 6, Studio 6 and is a team owner of Extended Stay America. When you bring that many pieces together, you open up a new market in regards to potential franchisees, people who in the past have not looked at Motel 6 or Studio 6 but have had relationships with Blackstone.

We don't believe in a lot of amenities, in regards to building it into the cost structure, which drives rate but also bottom-line expense management to the franchisee. If the guest is interested in a particular service—Wi-Fi, for example—we're going to do it for a fee-based structure, where we tell the guest, "You want that position of lowest price, here's your lowest price. If you want these other things, we're going to charge you a relatively nominal fee, where you still—all-in—will be the lowest price, but maybe it's not quite as much a spread as it was prior." It's up to the guest then to make that decision.

**BTN: What else is on the horizon?**

**Amorosia:** Some of the things we're looking at in terms of structuring our web base and platforms ... as a person drives down the road to be able to have a push ad come out from a geographic standpoint. You're on GPS with your iPhone, and that particular market—let's say St. Louis—puts the Motel 6 on your map with 15 to 20 locations. How long that will take, I don't know, but considering how fast things are changing, it's probably not that long.

We're redesigning our mobile apps and our landing pages, but all of that's being done from the standpoint of interface, to make sure it's easier. No matter what type of device you're talking about or application you're tying into, [our aim] is to be able to get from the point of interest to the point of commitment in three clicks. ↻

# New Red Lion CEO Talks Channel Management, Eastern Expansion

BY MICHAEL B. BAKER

Los Angeles - Newly appointed Red Lion Hotel Corp. president and CEO Greg Mount said growing corporate and group travel will be among the midprice hotel company's priorities as it "increases the velocity" of planned expansion beyond its predominantly Western U.S. operations.

A veteran hotel executive whose experience includes positions at Marriott, Starwood, Interstate and most recently president of Richfield Hospitality, Mount in mid-January took the leadership role at Red Lion. In a January interview with *Business Travel News* during the Americas Lodging Investment Summit here, Mount said corporate business would be a "continued focus" for Red Lion.

Red Lion's in-house global sales team is "constantly driving business to our hotels and have had a couple of successful years recently," Mount said. The new CEO also expects channel management to be a driver of more corporate business.

"Corporations create these local negotiated rates, but they really don't have any control over how people are book-

ing," he said. "You'll see that dynamic start to unhinge a little bit as we move forward, and it may become more about price than it will be about a negotiated deal at a specific hotel."

As such, Mount said Red Lion would explore distribution strategies with

elers become less tied to hotel loyalty programs, Mount said. Red Lion has its own loyalty program, the R&R Club, but he acknowledged that the hotel loyalty space is beginning to fracture.

"With Expedia and Travelocity and all of those folks getting into that space,

"We're competitive on our rates, and we're going to continue to focus on providing additional services where we can create value," he said. "The good news is that the group markets have come back to some degree."

Mount also is charged with overseeing an expansion strategy established before his appointment in January. Red Lion early last year divided its portfolio into three distinct brands—the full-service Red Lion Hotels, the limited-service Red Lion Inns & Suites and the soft boutique brand Leo Hotels—and later in the year announced that it would accelerate expansion through franchising, joint ventures and licensing.

Red Lion is best known in the Western states, and the company still is looking at growing in the region's larger metropolitan areas and gateway cities.

However, the company also is "looking for opportunities in Mid-America all the way over to the East Coast," Mount said. "The brand's DNA plays well in the West, but will do just as well in the East." 



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—RED LION PRESIDENT AND CEO GREG MOUNT

technology that examines at what rates and through which channels advance bookings are occurring rather than the more traditional strategy of looking at market shares and rates after stays are complete.

The need for that updated strategy will be exacerbated as corporate trav-

els it's becoming less of a decision-making point," Mount explained. "It's less about the points now and more about the recognition, and that's what we're trying to focus on as well."

Last year, Red Lion's sales team also focused on growing group business, a strategy Mount said would continue.

NEWSLOG

## STR Global: Hotels In The U.S., Europe And Middle East Show Strength In January

Average daily rate and occupancy in January dropped year over year at hotels in the Asia/Pacific region but increased in the other three global regions, according to STR Global. ADR in the Americas increased by 2 percent year over year to \$112, and occupancy increased by 2.4 percent to 52.5 percent. In the United States, "2014 started pretty strong," according to STR senior vice president of strategic development Jan Freitag, with ADR up 2.9 percent to \$109.24 and occupancy up 2.3 percent to 52.2 percent.

Freitag added that the rate of both ADR and occupancy growth in the United States was well below the growth rate at this time last year. U.S. supply growth in January was 0.9 percent, marginally higher than it had been five months prior. San Francisco/San Mateo had the largest ADR increase in the Americas, up 11.9 percent to \$187.21. ADR in Washington, D.C., dropped 17.6 percent to \$125.08, the largest decrease in the region.

In Europe, January ADR increased year over year both in terms of U.S. dollars (up 2.3 percent to \$128.89)

and euros (up 1.7 percent to €94.69), and occupancy increased by 3.1 percent to 52.8 percent. Europe's largest ADR increases were in Tallinn, Estonia, (up 13.5 percent to €85.03) and Copenhagen (up 11.7 percent to €108.46). ADR in Moscow dropped by 18.2 percent to €114.36, the largest decrease in the region. ADR also declined by 7.5 percent in Eastern Europe and was down in almost all countries in the sub-region, according to STR Global managing director Elizabeth Winkle.

January ADR declined by 1.9 percent to \$125.75 in the Asia/Pacific region, and occupancy dropped by 3.6 percent to 62.1 percent, STR Global reported.

"There has not been a lot of positive news coming out of the region, and that is reflected in hotel performance in January," Winkle said in a statement. "Australia and Oceania was the only sub-region to report positive occupancy growth."

In U.S. dollars, Auckland, New Zealand, had the highest ADR increase in the region, up 3.8 percent to \$116.54. The two largest ADR decreases were both in India: Delhi (down 20.4 percent to \$108.75) and Mumbai (down 19.1

percent to \$120.68).

In the Middle East and Africa, ADR increased by 8.2 percent to \$187.15, and occupancy increased by 3.3 percent to 62 percent. Winkle noted that the Middle East drove that growth, particularly occupancy in Oman and Saudi Arabia and ADR in the United Arab Emirates. Dubai had the region's largest ADR growth, up 12.8 percent to \$308.64. The largest ADR drop was in Sandton, South Africa, down 16.3 percent to \$98.68.

### Red Lion Names Sales EVP

Red Lion Hotels Corp. promoted sales executive Harry Sladich to executive vice president of hotel operations and sales. According to a statement from Red Lion CEO Greg Mount, Sladich's promotion "strengthens oversight of our owned and managed hotel portfolio while continuing to deliver national sales to our entire network." Sladich joined Red Lion in 2010. Red Lion also appointed Bill Linehan to serve as executive vice president and chief marketing officer, effective March 17. Linehan held a similar position at Richfield Hospi-

tality and its Sceptre Hospitality Resources affiliate.

### Preferred Names CEO

Preferred Hotel Group named as its new CEO Lindsey Ueberroth, who continues to serve also as the company's president. Preferred represents 650 independent properties in 85 countries, focusing on the upscale and luxury tiers. Former CEO John Ueberroth will continue to serve as chairman and "will remain active in the company's global development and growth efforts," according to the company.

### Four Seasons Names VP

Four Seasons Hotels and Resorts appointed Jane Burnell to vice president of sales in the Americas, the company announced. Burnell for the past three years has led Four Seasons' sales activities in Europe, the Middle East and Africa. She will move in April from the company's Dubai office to its Toronto office to begin the new position. Four Seasons has not yet filled her position in EMEA.

## Interview: Destination Hotels And Resorts President And COO Jamie Sabatier



**Business Travel News: Why do you see Destination's business mix changing?**

**Jamie Sabatier:** Historically, we've been known to have great success in driving group demand and leisure demand. We're now showing the ability to drive the corporate demand. Destination had a great year last year on several key metrics. It was a record-breaking year in terms of revenues and profits. We gained considerable market share. We brought on almost 2,000 new rooms, and when you look at our strategy, a key part is growing our urban footprint. We've gotten new hotels in Miami, Washington, D.C.—right at Dupont Circle—San Antonio, New Orleans and a resort in the suburbs of Chicago. The more we grow on the urban side, the more we're going to drive that corporate transient demand, and we have made considerable progress in terms of building on what we think is a very strong relationship with Ameri-

can Express and are working with some of the other large travel providers, like Carlson Wagonlit Travel.

**BTN: Have you received more corporate requests for proposals as a result?**

**Sabatier:** If you look at both consortia and transient potential—contracts, leads and RFPs—we're up 40 percent year over year. Acceptance—consortia and transient corporate clients who accepted our proposals and contracts—is up by about 20 percent. We're making tremendous progress in this part of the distribution chain.

**BTN: Have you been adding personnel on the sales side?**

**Sabatier:** We've brought on a new person, [director of travel industry sales] Linda Plopper, who has been a great addition in driving our corporate consortia and corporate transient business. We've also brought in a new

leader who Linda reports to, [vice president of sales] Ed Simon, who is helping to further position us effectively in the transient marketplace. So, we've brought in new people to help and it's already had a pretty significant impact, as you can tell by the growth. We continue to bolster our resources on the marketing side as well. We brought in a new head of marketing [Marie Torres] toward the end of last year. One of our goals in 2014 is to have the consumer better understand Destination and who we are, not just our properties.

**BTN: What's your business outlook for this year?**

**Sabatier:** Our expectation is we'll have a pretty strong growth year. We've got a strong pipeline of opportunities around the country, a significant number of urban opportunities. We feel like we've got a lot of momentum behind

us, and we're very excited about the team we have and how we're performing. I would expect our revenues to grow approximately by 20 percent or so this year.

**BTN: What are your selling points when reaching out to the corporate transient market?**

**Sabatier:** Especially in urban markets, the level of interest and receptivity to independent properties amongst corporate travelers has never been higher, and the ability to navigate social media and the reputational management tools like TripAdvisor, to be able to figure out where you want to stay, has never been easier. Corporate travelers have become much more comfortable and desirous of staying at independent properties. The business traveler still wants things to work well, still wants that functionality, wants to be in a well-located hotel, to be able to do business during the day and kick back during the evening. So you need to be able to deliver on those essentials, and all of our properties do, but the separation point that I'm seeing is they're also looking for more than that. If they're in Chicago, they want to feel like they're in Chicago. As you think about a chain experience, in terms of some of the larger chains, the product is going to be more similar from city to city, and that's [good] for some people, but we're seeing more and more in terms of the upscale consumer who are looking for something different. We're also seeing owners starting to migrate their thought process and embrace the independent model.

**BTN: Why is that happening?**

**Sabatier:** We've been able to provide owners with the ability to have greater flexibility with their hotel operator. In doing so, it allows us to be more focused on delivering for them as owners as opposed to worrying about complying with certain brand standards or guidelines that require capital or require people at the property who aren't necessarily going to help the property performance.

**BTN: Does Destination have a loyalty program?**

**Sabatier:** We have Destination Delivers. The program has about 275,000 members today. We doubled the size of it last year, and we expect to double the size of it again this year. It's a program that focuses on recognition. We think our upscale customers are a little less points-based and a little bit more recognition-based in terms of getting upgrades and special services or treatment.

## Carlson Rezidor Plans Luxury, Select-Service Tier Entries

BY MICHAEL B. BAKER

Bloomington, Minn. – Carlson Rezidor Hotel Group last month announced plans to launch two new brands in the coming years: a collection of luxury hotels and a select-service, lifestyle version of its Radisson brand.

Speaking here at the Radisson Americas annual business conference, Carlson chief branding officer Gordon McKinnon introduced what would be Carlson's first truly new brands since the 1980s launch of Country Inns and Suites, he said. The brands would join in Carlson's portfolio the upper upscale Radisson Blu brand, the upscale Radisson brand and the midprice Country Inns & Suites and Park Inn brands.

Carlson's luxury collection will be

known as the Quorvus Collection, deriving its name from the southern sky constellation Corvus, the raven. Similar to such "soft brands" as Marriott's Autograph Collection and Starwood's Luxury Collection, the Quorvus brand will consist of five-star hotels with distinct styles, McKinnon said.

The brand will mark Carlson's re-entry into the luxury tier following the 2010 sale of its Regent brand to Formosa International Hotels Corp.

Carlson plans to announce the first Quorvus Collection members in the second quarter of 2014. McKinnon said that the brand largely would be focused on Europe, the Middle East and Africa as well as the Asia/Pacific region, but "we're more than happy to have [a] conversation" about adding properties in

such key American cities as New York and San Francisco.

At the same time, Carlson Rezidor is readying the launch of Radisson Red, a new select-service brand designed to compete with Aloft, Hilton Garden Inn, Courtyard by Marriott and Hyatt Place. The brand initially will focus on global urban markets and will debut in 2015, McKinnon said. It will be differentiated from other Radisson hotels by such features as studio-style rooms and a bar and deli in lieu of the traditional three-meal restaurants. The brand also will be tied to a mobile app that enables online check-in and such services as personal profile management.

Carlson Rezidor aims to have more than 60 Radisson Red and 20 Quorvus Collection properties by 2020.

# Newly Merged Lanyon Eyes Joint Meetings, Transient Tools

BY SARAH BEAUCHAMP

THE MERGER between The Active Network's Business Solutions division and hospitality technology provider Lanyon, announced last month, will enable the new company to offer tools that help buyers determine per-attendee and per-traveler costs for transient travel and meetings, officials said.

Operating under the name Lanyon, the organization was formed when Active shed its Business Solutions division, which includes its strategic meetings management offerings and what was known as its StarCite technology platform, to merge with Lanyon. Private equity firm Vista Equity Partners owns both companies, having bought Lanyon in January 2013 and Active in November.

The new Lanyon will provide buyers with "a holistic view of all travel expenses for the year," according to JR Sherman, president and chief revenue officer of the new Lanyon.

"We spend a lot of time with travel buyers, and one of the biggest metrics they look at is total cost of attendee or traveler as a key indicator of how



"One of the biggest metrics [buyers] look at is total cost of attendee or traveler as a key indicator. ... We believe that single metric is made more possible by understanding the holistic view of spend."

—LANYON'S ANTHONY MILLER

they're performing," added Anthony Miller, the new Lanyon's senior vice president of strategy and product management. "We believe that single metric is made more possible by understanding the holistic view of spend."

Lanyon plans to move forward with Active Network Business Solutions'

flagship product, the Smart Events Cloud, which will be "very complementary within the original Lanyon toolset," said Miller. "Customers that exist today

that use StarCite will migrate into the Smart Events Cloud, and in addition they'll be able to use the Lanyon toolset, which over time will become a part of the Smart Events Cloud." Pricing for the SMM products will remain roughly the same, he said.

By incorporating some of the old Lan-

yon's meeting audit tools, the new company will better help buyers avoid risk like noncompliance to meetings spending guidelines and government regulations, officials said. Meeting managers also can use the platform to more easily document the economic value of their meetings, they said.

Neither Lanyon nor Active Network Business Solutions expect to downsize during the merger, and the technological integration ahead will be easier since Active moved to a cloud-based platform, they said.

There is some overlap between Active Business Solutions' and Lanyon's customer bases—Lanyon's customers include more than 900 corporations and 350 hospitality brands representing more than 98,000 properties—and the new company will take advantage of the combination.

"The merger allows suppliers, whether transient travel or meetings and events, to reach a broader platform of customers," said Kenny Coburn, former CEO of Lanyon, now COO of the new Lanyon. "Here you have another tool with another set of data and another ability to reach customers."

Lanyon does not anticipate naming a new CEO, Sherman said. [▶](#)

## Cvent Plans To Increase Mobile, SMM Investment In 2014

BY SARAH BEAUCHAMP

MEETINGS TECHNOLOGY firm Cvent plans in 2014 to make significant investments in mobile and other meetings technology, executives said last month during a conference call.

"We are very excited about the space, because in the next three to five years, we see tremendous growth in the use of mobile technology as it moves into the mainstream," Cvent CEO Reggie Aggarwal said.

Use of Cvent's mobile products among its customer base in 2013 doubled as compared to 2012. Aggarwal explained that Cvent years ago observed a similar trend in event registration, and that the company believes it can win the same "disproportionate share" of the mobile market.

New adopters of Cvent's mobile technology in the fourth quarter included Quest Diagnostics and Amway. In addition to mobile renewals, including ALM Media, some existing strategic meetings management customers added mobile licenses.

"As we look to 2014, we continue to invest in sales and marketing to broaden our reach," Aggarwal said. Cvent also plans to invest in such new meet-

ings management solutions as an enterprise event marketing tool that would help companies increase lead generation and revenue, and an audience management platform called AMP that incorporates ticketing with fan engagement, mobile and social media, and would help meeting buyers "increase ticket sales and build audience loyalty."



"We are very excited about the space, because in the next three to five years, we see tremendous growth in the use of mobile technology as it moves into the mainstream."

—CVENT CEO REGGIE AGGARWAL

Aggarwal stressed that it is only the beginning stage for both products. "While we don't anticipate seeing immediate ROI in 2014," he said, "this will be an important year to set a foundation for future growth."

Cvent reported \$30.7 million in fourth-quarter revenue, up 30 percent

from 2012, and \$111.1 million in revenue for the entire year, a 33 percent increase from the year prior. Aggarwal cited "strong net customer additions and overall annual growth of 15 percent."

The company reported a fourth-quarter net loss of more than \$600,000, down from a net profit of more than \$1.5 million in the fourth quarter of 2012.

More than 205,000 meetings in 2013 were managed through Cvent's platform, an increase of 48 percent year over year, including a one-time migration of "17,000 historical meetings by a large enterprise client implemented in 2013." Excluding this migration, meetings managed increased by 35 percent. The

company also processed and managed 8.7 million individual event registrations, up 19 percent from 2012.

"The number of registrations processed has historically grown slower than revenue," Aggarwal explained, "because an increasing amount of our revenue is generated by the sale of non-registration products and features," like mobile apps and web surveys.

Cvent cited as new SMM customers signed during the fourth quarter Medtronic, UCB, Ameriprise Financial and a "Big Four accounting firm," and "renewals were also strong," including Deloitte & Touche, Salesforce.com and Roche Pharmaceuticals.

Users in 2013 transmitted 1.2 million RFPs through the Cvent Supplier Network. "We implemented a deliberate strategy where meeting planners added fewer hotels to each individual RFP," Aggarwal said, strengthening included vendors' chances of winning each piece of business and facilitating more timely responses for buyers.

Cvent anticipates full-year revenue for 2014 in the range of \$137.8 million to \$139.6 million, approximately a 24 to 26 percent increase from 2013. [▶](#)

# London's Business Travel Show Features New Booking, Mtgs. Tools

BY AMON COHEN

London - The spread of automation into every aspect of travel, meetings and expense management proved a recurrent theme for the technology displayed here at last month's Business Travel Show. U.K.-based Capita Travel and Events launched an online taxi booking service

that integrates fully with rail reservations, while serviced apartments booking agency Citybase showed off what it

claimed is the first live managed booking tool in its sector. Meanwhile, Canadian meetings management technology provider Arcaneo has re-emerged after acquisition as part of a wider meetings technology company called Cendyn Arcaneo, and Concur revealed the product name for its benchmarking collaboration with Google, plus an intriguing idea for attaching photographs of fellow diners to expense reports.

Capita's taxi booking service allows travelers to book a cab using information prepopulated from their rail reservations, including arrival time at the station from which they wish to be collected. The taxi booking also is prepopulated with cost center data, which according to Capita means that businesses can obtain a better view of the total travel costs for a journey, as well as eliminating the need for retrospective taxi expense claims.

A collaboration between Capita and taxi booking service CabFind, the tool also features sharing opportunities for multiple bookings to the same destination and the ability to block bookings for specific London postcodes if policy dictates public transport should be used.

Another U.K.-based company, Citybase unveiled the MyAccount man-



aged online booking tool for serviced apartments. Clients can customize the system to highlight preferred suppliers and include contracted rates. They also can configure hierarchies and booking authorization levels, effectively creating different sign-ons and policy filters for different departments or cost centers. A customizable suite of back-end booking data reports also is available.

Citybase claims to offer access to 25,000 serviced apartments in 32 countries. Director of business partnerships Richard Lovelock said 65 percent of the company's inventory can be booked live through MyAccount. The remainder can be requested online, and after the booking is made manually, confirmation is sent back through the tool so that all booking data is consolidated. Lovelock added that Citybase on customer request will approach apartment providers to add inventory to the live booking content. "It sometimes takes demand from clients to drive serviced apartments to join in," Lovelock said.

MyAccount also features a bill-back option, removing the need for clients to use their own payment card. Instead, the tool generates an AirPlus AIDA virtual card number that Citybase uses to pay the apartment on its own account. Citybase subsequently invoices the client.

Citybase is offering MyAccount free to direct corporate customers. In April 2012, the agency launched what it claimed was the world's first application programming interface to integrate bookable serviced apartment content with travel management companies' reservations systems. In 2011 it also launched what it claimed was the first unmanaged public booking website for serviced apartments.

Meanwhile, Cendyn, a Boca Raton, Fla.-based company which positions itself as "a leading provider of interactive marketing solutions for the hospitality industry," trumpeted its November 2013 acquisition of Arcaneo. Like StarCite, Arcaneo was an early competitor in meetings technology. Now, also

like StarCite, Arcaneo has been swallowed into a larger company, which has renamed itself Cendyn Arcaneo.

According to Cendyn Arcaneo CEO Charles Deyo, Arcaneo "in the last few years didn't do a lot of marketing," but has continued to manage \$1 billion of meetings, mainly for a small number of very large corporate clients, such as pharmaceuticals company Merck and various financial services groups.

Arcaneo's Metron system offered various meeting planning, measurement and budgeting features but, unlike StarCite or Cvent, did not include sourcing tools. Cendyn does have sourcing tools—Visual Meeting Search Engine and eProposal—and has combined them with Metron into an integrated offering. Cendyn also demonstrated in Europe for the first time an on-site meeting planners' tool called Getplanning. "It gets rid of the three-ring binders planners have to carry round at meetings," said Deyo. Examples of documentation available on web-based Getplanning include rooming lists, food and beverage orders and transport manifests, plus a record of messages between all parties involved in the event. "We now have an end-to-end solution for meetings suppliers and buyers," Deyo claimed.

Concur also was present at the show. U.K. managing director Isabel Montesdeoca told *The Beat* that its big data travel management benchmarking project, originally slated for release in 2013 when it was called Integrated Benchmarks, now is scheduled for "later this year" and has been renamed Price To Beat. "It takes market feeds and data from expense reports to come up with a benchmark for what would be a reasonable price to pay," Montesdeoca said.

The project will be a commercialized version of the system Google uses to benchmark prices for travelers within its open booking-style travel program. "We are working very much hand in hand with them," Montesdeoca said.

She noted that Concur has developed a prototype of an unusual innovation in expense reporting—taking a photo of colleagues or clients with whom the claimant is dining, then using facial recognition to enter their names automatically into the report. The idea of photographing fellow diners may raise concerns of a "What happens in Vegas" nature, especially if the picture is taken at the end of the meal. However, Montesdeoca said that while the idea currently is at an early stage, one point which is clear is that photographs would not be retained. "We are so obsessive about data protection, I don't think our head of security would let that fly," she said. ☺

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## NEWSLOG

### HRG's Spendvision Introduces Integrated Travel, Expense System

HRG's wholly owned Spendvision expense management unit announced its "first total travel and expense management product." The integrated system provides booking capabilities for air, hotel, car rental and ground transportation reservations "without ever having to leave the Spendvision platform," according to the company. The system can be deployed as a standalone solution or "alongside existing internal systems," and can integrate "with any travel management company," which enables client users to deploy it "without having to change existing travel processes." HRG in March 2012

acquired the shares of Spendvision it did not already own and two months later laid out plans for merging expense management technology with its core travel booking system.

### GetThere Adds Indian Content

Sabre's GetThere booking tool now provides access to content from three "low-cost" airlines in India. Users can book fares from **Indigo**, **SpiceJet** and **GoAir**, and use "Direct Bill," which Sabre described as "a new form of payment available to travelers using GetThere when booking Indian low-

cost carrier flights." According to a Sabre official, the Direct Bill function "automatically charges the flight to a company's credit card or direct bills the corporation."

Meanwhile, Sabre named Harish Mysore senior vice president of strategy and business development. Previously senior vice president of corporate development and alliances for healthcare IT firm **TriZetto**, Mysore "will lead the company's corporate development team to identify, evaluate and execute mergers and acquisitions, partnerships and joint ventures," according to Sabre.

# Language App TripLingo Completes Shift To Corporate Market

BY DAVID JONAS

LANGUAGE LEARNING APP TripLingo on Jan. 29 released the third version of its mobile app, an upgrade designed to appeal to enterprise corporate users, travel management companies and other “channel partners,” according to founder and CEO Jesse Maddox. Born in 2011 as a consumer-oriented translation app, TripLingo has drawn accolades around the industry and now is available in 12 languages and on iOS and Android mobile platforms.

Maddox claimed “two *Fortune* 100 enterprise customers,” pilots with a dozen *Fortune* 500 companies and an unnamed mega travel management company and partnerships with other TMCs including Atlas Travel, CorpTrav and TravelSolutions by Campbell.

“It was really about a year and a half ago that we started to earnestly look at the business travel market,” Maddox told *The Beat*. “This version is the culmination of a lot of that learning.”

The new version comes with back-end functionality that enables enterprise clients paying a discounted monthly license fee to manage users and access analytics to see who used the app, the most-used features and other information. Enterprises also can customize the app. For example, when their individual travelers log in to TripLingo, the client’s branding appears in the interface and contact information for a designated security provider and travel agency becomes accessible. Each traveler also is allotted a certain amount of “live translator minutes,” Maddox said. “It’s not a very heavily used feature, but more of an insurance policy if something goes wrong.”

TripLingo also has integrated with Concur and is available in the Concur App Center. Travelers from mutual Concur and TripLingo clients automatically are alerted to any upcoming international trips and linked to TripLingo. Concur integration also can help facilitate an agency’s role in hooking up clients with TripLingo. “A lot of the TMCs we work with are Concur resellers, and a large percentage of their clients are on Concur,” Maddox explained.

“I was in a presentation last Friday where I am competing against Egencia, and of course they have an open platform,” said Steve Sedgwick, TravelSolutions by Campbell executive vice presi-

dent. “When you are looking to bring that value to a customer and bring apps from within the Concur App Center, we see that as a value-add. Companies are embracing the idea of equipping their travelers with tools. Our role as a TMC emerging in the future is being able to look at 100 or 200 apps and help companies design a booking tool specifically for groups or users. We want to bring those apps for our customers, enable them, and when we do that, we have business relationships already established with the various apps, which can generate new sources of revenue.”

At Atlas Travel, TripLingo appears to be a nice fit for the TMC’s “client-specific travel portal,” which will in-



“The consumer version had a more playful aesthetic to it. The new version basically retains some aesthetics of the consumer version, while being clean, professional and appropriate for business travelers.”

—TRIPLINGO CEO JESSE MADDOX

clude tools from various third parties, according to an Atlas official. “What is particularly exciting about this and other integrations on the horizon is that they will all be completely automated,” the official added. “In the case of TripLingo, our mid-office technology would first determine an individual traveler’s destination. If the result was a destination whose official language was not English, the itinerary data would prompt us to provide relevant, targeted messaging to the traveler, linking to the corresponding translation product.”

TripLingo also is working to get the latest version into the Sabre Red App Centre, which Maddox said he expects to occur in the next month or two, and Travelport Marketplace.

“Integration with Sabre, Travelport and Concur are meant to make those [TMC] partnerships easier, but they are not required at all,” Maddox said. “The things we need from TMCs, a lot of them already have the capability to do on their own. TMCs essentially are a reseller to their enterprise clients. It streamlines the onboarding process for enterprises, making it easier than dealing with procurement, legal and IT when the TMC is essentially handling the sale.”

Attracting enterprise customers also means providing relevant content and capabilities. For starters, the new version “merges” into one what had been separate TripLingo and TripLingo Business Class apps, the latter of which provided additional learning tools. “We didn’t want enterprise customers to get confused and download the wrong version, and it also streamlines development,” Maddox said. “Business Class was tame, very professional. The consumer version had a more playful aesthetic to it. The new version basically retains some of the aesthetics of the consumer version, while being clean and professional and appropriate for business travelers.”

In addition to more language features and client-specific security and agency information, the app now also allows any user with a Wi-Fi connection to place a phone call from their location to the United States, using that connection rather than racking up roaming charges.

## Next Steps

Maddox said integration with other corporate booking tools may be ready later this year, “but we’re more focused now on the Sabre and Travelport integrations for travel agents first.”

Meanwhile, TripLingo continues working with Grasp Technologies on an ROI calculator. “We haven’t finalized the output yet,” Maddox said, adding that “something” may come from it in three or four months. “They bring all the analytics for customers into one house, and part of that will be TripLingo in that dashboard.”

He also noted that white-label versions for hotels are “in the works,” similar to Cruise Lingo, a partnership announced in June with Celebrity Cruiselines. In the first week of availability in Apple’s app store, he claimed the version “garnered more downloads than all of [Celebrity’s] other apps combined had to date.”

## GSA Launches Competition For Travel Analysis Tech

BY JAY BOEHMER

THE U.S. GENERAL Services Administration last month kicked off a “first-of-its-kind, public prize competition” that solicits tech developers to design travel data analysis software that would help federal agencies better manage spend.

Instead of just another formal request filed in the Federal Business Opportunities site (the database for federal procurement contracting opportunities), GSA’s Travel Data Challenge is a novel effort that promises cash prizes to developers of the best concepts for “an online, interactive tool that utilizes federal travel data to increase transparency and accountability.”

Required to be written in open source code, submissions are due by April 11, with winners announced May 9.

First place gets \$35,000, with a \$30,000 award for the runner-up and \$25,000 for an “honorable mention,” but GSA “is not required to award all three prizes if the judges determine that only one or two entries meet the scope and requirements.”

GSA expressed hopes that the contest will attract fresh thinking “from the public and industry alike.”

GSA, which oversees travel programs for civilian agencies, wants a tool that will use federal travel data to “show agencies where and how they can save money on federal travel” and provide federal travel managers “visibility into their travel spending and recommendations for cost-savings behaviors.”

Among behaviors GSA suggested developers explore are advance airfare purchases and their impact on costs, traveler use of such GSA programs as FedRooms (a booking portal for federal room rates), and the costs and opportunities associated with online versus offline transactions.

GSA wants software that shows agencies how much could be saved “if they adjusted one or a set of cost-driving behaviors, such as time of year of travel, booking online, travel to certain cities during certain times [and] booking in advance.”

Six federal officials will judge entries, and former Sabre CEO Sam Gilliland will serve as technical adviser to judges.



# Bring **Your** Own Device\*

*\*Policy Will Be Provided*

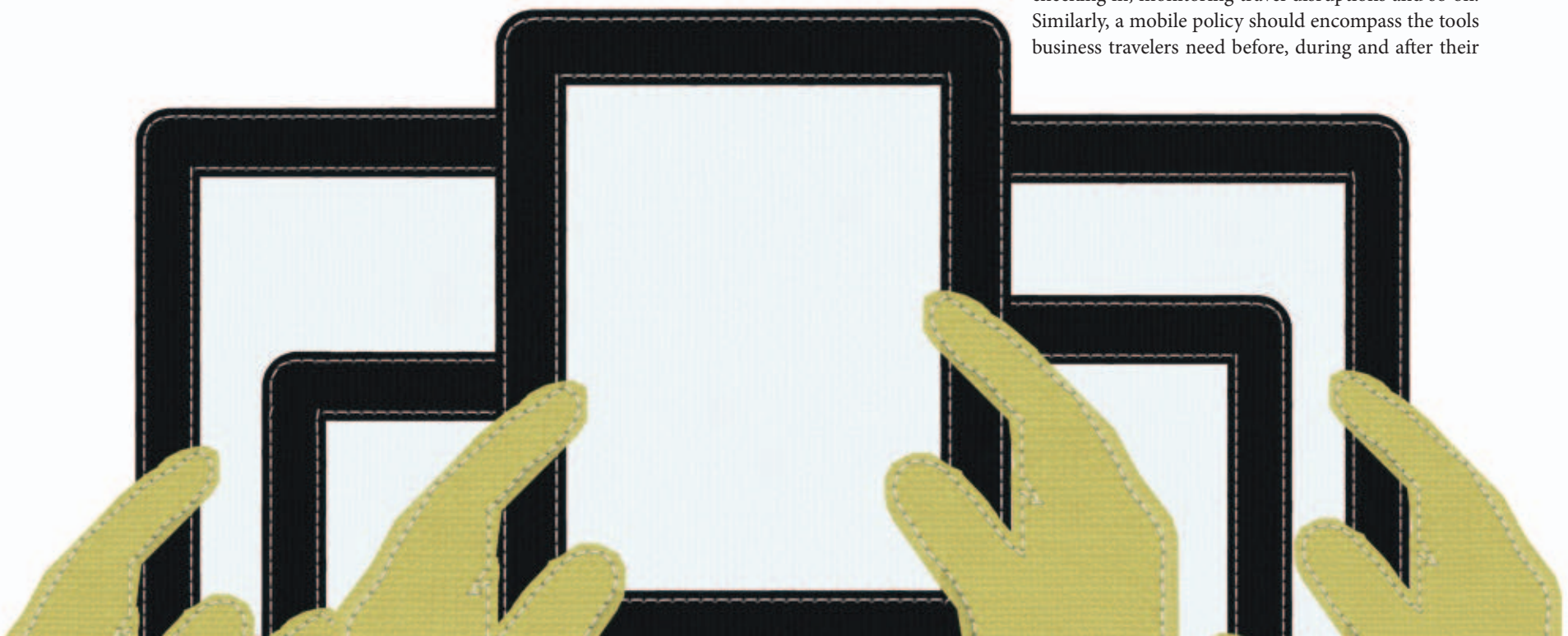
By JoAnn DeLuna

**A**s more corporations stop issuing phones to employees and instead adopt a bring-your-own-device strategy, many travel managers increasingly are recognizing the importance of monitoring and controlling their travelers' mobile device usage. However, corporations generally are more concerned with reducing expenses and ensuring traveler safety than developing mobile policies that dictate permissible applications and usage. The right policies, though, can accomplish all of those goals.

According to a *Business Travel News* survey conducted from December 2013 to February 2014, about 46 percent of respondents indicated their organizations have a policy regarding the use of mobile devices. That's up from 30 percent in a similar *BTN* poll of travel managers conducted in 2012. An additional 7 percent of respondents said they plan to create this year such a policy.

"About 50 percent [of clients] have mobile policies, but these relate more to equipment," said Carlson Wagonlit Travel executive vice president of global marketing and enterprise strategy David Moran. "We [as an industry] are moving more toward bring your own device."

Many travelers would like one app that allows them to do everything related to their trips: booking and rebooking travel, viewing a consolidated itinerary, checking in, monitoring travel disruptions and so on. Similarly, a mobile policy should encompass the tools business travelers need before, during and after their



trips, according to Travel Tech Consulting president and founder Norm Rose.

If travelers believe other tools will help them more than those provided by their organizations, then the organization loses control, according to Rose. “Booking out of policy and channel is becoming a greater issue due to customer empowerment facilitated by mobile devices,” he said. “The BYOD trend is exasperating the problem.”

### A BYOD World

When smartphones first were popularized about seven years ago, companies weren't sure how to respond. They tended to limit their functionality by issuing centrally purchased phones—namely BlackBerry phones—in an effort to control the software loaded onto them, according to Mike Hilton, Concur executive president and general manager for travel and expense.

Now that nearly all business travelers carry mobile devices, organizations have “embraced the reality that smartphones are here to stay,” Hilton said. “That idea that [a company] can prevent apps from being used by business travelers is getting harder to accomplish.”

Generally speaking, companies either can provide a phone or reimburse employees for all or part of their phone bills. IT departments typically control what goes on the device if it's a company-provided phone, and “if you reimburse then you can cap it, and you can budget really well,” said Partnership Travel Consulting founder Andy Menkes.

Semiconductor manufacturer GlobalFoundries at one time issued company phones to all employees and spent about \$100 per user on monthly phone packages. “People weren't utilizing that at all,” said global travel manager Debbie DeGrendele. “It was money out the window.”

The company now provides company phones only to directors, higher-level executives and some managers, and gradually is switching from BlackBerry phones to iPhones. DeGrendele described the company's mobile policy as “loose,” but said it is “trying new things.” About a year ago, GlobalFoundries began a bring-your-own-device pilot with some salespeople. There are no restrictions on the applications employees can download, and she asks employees traveling abroad to turn their phones off when not in use to avoid roaming charges.

### Duty Of Care

Organizations are concerned with securing their travelers and their IT systems, both of which protect the

organization as a whole. Formal mobile policies are needed in ways similar to policies governing web usage or personal computers, said Paul Richer, founding partner of U.K.-based travel technology consulting company Genesys.

For one, restricting what employees can and can't do on a mobile device protects an organization's IT network from malware. It also enforces corporate responsibility to “make sure nothing goes astray,” such as an employee accessing illegal websites, Richer said. It further aids in controlling costs while giving executives remote access to information stored on central servers.

Established in 2008, Texas-based deepwater drilling company Pacific Drilling has regional offices in Brazil, Nigeria, Singapore and South Korea, as well as two drill ships and three additional ships under construction. About 80 percent of the company's 1,100 employees travel. The company issues BlackBerry smartphones to employees, but like many other companies, it doesn't have a mobile policy.

Describing the company as “new,” travel supervisor Bobby Scott said Pacific Drilling is “still putting things in place” as it looks to develop a mobile policy. On Scott's wish list are mobile functions that would allow the company to keep track of employees in cases of emergency and send travel alerts, and update personnel records and travel profiles that can be synched with Pacific Drilling's travel management company and used for bookings.

“We have a standard website where we have a lot of information, but it's static information,” Scott explained. “We're looking at technology that will give us visibility on travelers and know when they're affected and how quickly we can contact them whenever there's an issue.”

NC4 senior director of travel risk solutions Eric Hankins said that knowing where travelers are in real-time is a “critical” function for organizations. NC4 provides situational awareness and real-time reporting to provide employees and their managers with information on various events from water main breaks to acts of terrorism. Traditionally the company has tracked travelers through travel itineraries, but now is developing a mobile app to enable employee tracking also via global positioning system technology.

### Developing A Policy

When developing a mobile policy, consultant Rose advised corporations to begin with the traveler in mind.

“You can't go top-down and dictate use,” he said. “You need to find out what applications travelers are already using and what their needs are to figure out which tools you can bring in and promote.”

While Rose doesn't believe in banning certain applications or websites, Menkes said there should be some limitations on downloading third-party applications. Rather than banning applications, Concur's Hilton champions an open platform where mobile devices, suppliers, applications, booking and data tools connect and allow travelers to use the tools they need, while simultaneously capturing the data their employers need.

However, companies like NC4 and travel booking and expense system provider KDS contend that if a tool is valuable and user-friendly, then travelers will use it.

“If you build into the app useful functionality, something that's valuable to the end user, along with something that's valuable to the corporation from the traveler-track and duty-of-care perspective, then you have something that people will use regardless of policy,” Hankins said.

As with corporate cards, organizations also need to determine when mobile devices are being used for business purposes versus personal reasons, and reimburse accordingly, according to Menkes.

### Future Technologies

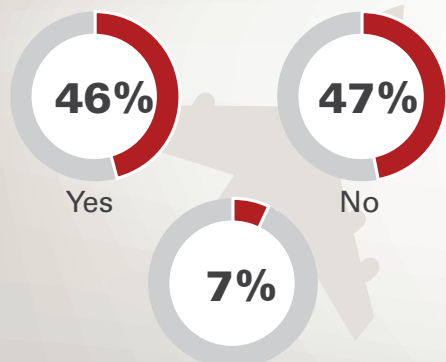
It's challenging to sort through the hype and recognize the technologies that will prove useful. Still, technology changes quickly, and travel managers need to pay close attention to emerging trends.

Systems incorporating artificial intelligence that enable platforms to learn, predict and automatically adapt to a user's needs and habits quickly are emerging, according to Rose. In February, Grasp Technologies announced it would release a new platform incorporating technology that could learn from data to deliver a more tailored experience to users.

Another technology Rose is watching is iBeacon, Apple's indoor positioning system using low-powered Bluetooth technology allowing both iOS and Android users to send messages. Sabre has said it is exploring ways to use iBeacon on planes to message travelers.

“We wouldn't have such an explosion of third-party apps that focus on travel if there weren't unfulfilled requirements,” Rose said. “There's a big gap between the general technology and the corporate travel market.”

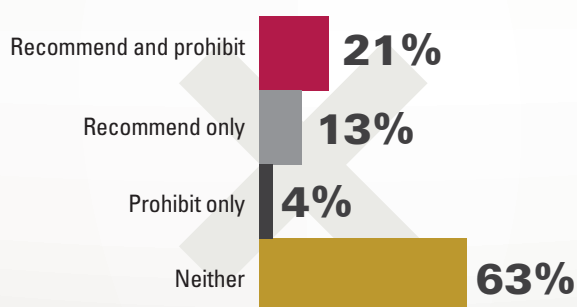
#### Organizations With Policies Regarding Use Of Mobile Devices For Business Travel



No, but plan to create one in 2014

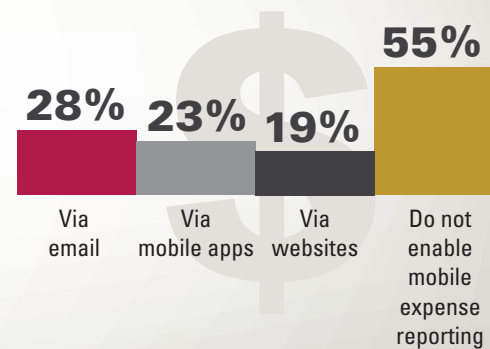
Source: A December 2013-February 2014 BTN survey of 168 travel managers

#### Organizations That Prohibit/Recommend Specific Mobile Apps/Sites For Business Travel



Note: Totals do not add up to 100 percent due to rounding.

#### Organizations That Enable Employee Expense Reporting Via Mobile Devices



Note: Respondents were permitted to select more than one answer

# Managed Travel's Future Is Linked With HR



**BY SCOTT GILLESPIE**  
MANAGING PARTNER  
tCLARA

Next year, the business travel industry will mark the 20th anniversary of Delta Air Lines' capping of travel agency commissions. That action caused such structural change that, for me, it marks the dawn of professional travel management.

In the following two decades, the travel category has been managed with increasing sophistication. There is no question that this first-generation paradigm, Managed Travel 1.0, has delivered significant and enduring value.

But now it is time to develop a more comprehensive approach to managing the total cost of travel. The next generation of travel management requires much stronger integration with human resources departments.

Managed Travel 1.0 understands how supplier costs behave as a program's travel policies are made more harsh, as shown by the blue curve on the chart on this page. But very few companies adopt harsh travel policies. Why not?

## The Human Cost Curve

Because travel managers recognize intuitively that such harsh policies cause hardships on travelers. And those hardships have costs. Productivity costs. Engagement costs. Health and wellness costs. And the killer: retention costs.

Turnover disrupts businesses at many levels and is very expensive—more expensive than the total travel budgets for

firms in many industries.

Let's call these hidden expenses the human cost of travel, as shown by the chart's red curve.

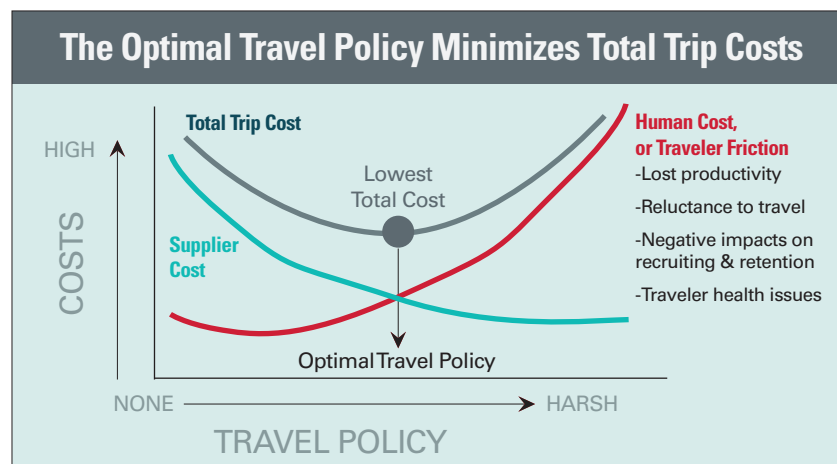
The slope of the human cost curve will be different for each firm. While travel category managers understand that their human cost curve reflects their company's culture, few have the HR data to know how these real but hidden costs are affected by travel policies.

The goal of most every travel program is to be optimized. That means minimizing the total cost of travel, shown by the gray curve, subject to the constraints of needing to travel. The total cost of travel is simply the sum of the two underlying cost curves for any given travel policy.

Quantifying the human costs of travel is essential to finding a firm's optimal travel policy, and to minimizing the total cost of travel.

## Has Managed Travel 1.0 Peaked?

Yes, I believe it has. Like other decades-old business practices, Managed Travel 1.0 now is delivering positive yet di-



minishing returns. Consider companies with mature, well-managed programs. Where will they find new sources of savings? Will they negotiate deeper discounts from their suppliers? Achieve wider adoption of booking tools? Enforce stricter lowest-logical-airfare policies?

Unfortunately, no. These traditional cost-saving strategies have been well-mined. There is little incremental savings light at the end of any of these tunnels for mature programs.

Category managers looking to create new value and true travel program optimization must now focus on integrating the other half of the optimization equation: the human costs.

## HR Analytics And Friction

Our industry must understand how the human cost curve is linked to travel. Companies such as HP and Accenture invest in flight-risk models to predict an employee's risk of leaving. None of these flight-risk models use, as far as I know, travel workloads as a predictive element, but surely that would help.

Just as travel and procurement managers have developed proven methods and key performance indicators for managing supplier costs, we now need HR managers and HR data analytics to help shape travel management's understanding of the human costs of travel.

My company, tClara, is quantifying what we call "Trip Friction," a measure of the wear and tear endured by travelers on their journeys. We have generated scores for some 700,000 traveler experiences in the process of building a database for 10 firms. We now understand what low, moderate and high scores look like.

Our next step is to correlate Trip Friction with turnover rates and paid time off. Our goal is to study how road warriors' high friction affects recruiting, re-

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