

Hotel Execs:  
Corp. Group  
Demand Up

4



Accenture's  
Keller Talks  
Compliance

14



BTN  
Celebrates  
30 Years

10



# BusinessTravelNews

May 12, 2014

[www.businesstravelnews.com](http://www.businesstravelnews.com)

## PLUGGING THE BREACH

Recent violations of data security at major retailers raise concerns about travel industry vulnerabilities and prompt strategies to limit them. Page 32

ADVERTISING COVER



# BusinessTravelNews

May 12, 2014

www.businesstravelnews.com

*Congratulations on 30 Years  
of Editorial Excellence  
from Your Friends at*





**For the advancement of business travel**

**September 3-4, 2014**

Westin New York at Times Square

# Are You Part of the Solution?

The BTN Group is launching a first for the advancement of business travel! This unique innovator lab and event combines cutting-edge buyer education and industry networking for corporate travel buyers in finance, procurement and operations. Join business travel's most influential innovators, leaders and thinkers in New York City this September. Early-bird registration is now available through July 15. Be part of the solution at Innovate 2014.

**REGISTER  
TODAY!**

Presented By



**BTNIinnovate.com**

KEEP CLIMBING



# BUILDING OUR BUSINESS AROUND THE NEEDS OF YOURS.

THAT'S BEST-IN-BUSINESS.<sup>SM</sup>

You can't succeed by standing still. That's why we're investing \$3 billion to expand our fleet, renovate terminals, add new products and enhance our industry-leading customer service. We're constantly improving our offerings to help your team meet its next goals.

[DELTA.COM/BUSINESS](http://DELTA.COM/BUSINESS)



**DAVID MEYER**  
Editorial Director  
(646) 380-6246  
dmeyer@thebtngroup.com

**CHRIS DAVIS**  
Editor-in-Chief  
(646) 380-6252  
cdavis@thebtngroup.com

**DAVID JONAS**  
Executive Editor  
(203) 546-8857  
djonas@thebtngroup.com

**JAY BOEHMER**  
Executive Editor  
(646) 380-6249  
jboehmer@thebtngroup.com

**MICHAEL B. BAKER**  
Senior Editor, Lodging  
(646) 380-6250  
mbaker@thebtngroup.com

**JoANN DeLUNA**  
Associate Editor, Payment & Expense  
(646) 380-6268  
jdelunar@thebtngroup.com

**SARAH BEAUCHAMP**  
Associate Editor, Meetings  
(646) 380-6264  
sbeauchamp@thebtngroup.com

**LOIS HEYMAN**  
Copy Editor  
(646) 380-6263  
lheyman@thebtngroup.com

**JONATHAN CHAN**  
Art Director  
(646) 380-6248  
jchan@thebtngroup.com

**LISA GONZALES**  
Production Specialist  
(201) 902-1927  
lgonzales@ntmllc.com

**MICHELE GARTH**  
Production Manager  
(201) 902-1930  
mgarth@ntmllc.com

**GAYLE GRAIZZARO**  
(201) 902-1914  
Production Specialist  
ggraizzaro@ntmllc.com

We welcome your letters, comments and feedback. Contact the editor-in-chief at [cdavis@thebtngroup.com](mailto:cdavis@thebtngroup.com).

For breaking news and original research, and to search articles since 1996, visit [businesstravelnews.com](http://businesstravelnews.com).

Follow Business Travel News on Twitter at [twitter.com/BTNOnline](https://twitter.com/BTNOnline)

**SUBSCRIPTION SERVICES**

Tel: (847) 564-5941  
Toll Free: (877) 705-8889  
Fax: (847) 291-4816  
Business Travel News  
PO Box 3610  
Northbrook, IL 60065-3610  
[nbtn@omeda.com](mailto:nbtn@omeda.com)

**LIST RENTAL**

**DANIELLE ZABORSKI**, MeritDirect  
(914) 368-1090  
[dzaborski@meritdirect.com](mailto:dzaborski@meritdirect.com)

**E-MAIL INFORMATION**

**WAYNE NAGROWSKI**  
(845) 731-3854

**REPRINTS OR COPYRIGHT PERMISSION**

**WRIGHT'S MEDIA**  
(877) 652-5295 Ext. 102  
[niademarco@wrightsmedia.com](mailto:niademarco@wrightsmedia.com)

**BTN EDITORIAL & SALES OFFICES**

116 W. 32nd St., 14th Floor  
New York, NY 10001  
Editorial Fax: (646) 380-6241



100 Lighting Way, 2nd Floor  
Secaucus, NJ 07094  
[www.northstartravelmedia.com](http://www.northstartravelmedia.com)  
© ALL RIGHTS RESERVED

# Contents

MAY 12, 2014

**"It's not just about growing to get bigger; it's about growing appropriately and having the right relationships."  
—ATLAS TRAVEL'S OSGOOD, PAGE 8**



*The weather didn't help, but growing corporate revenue boosted U.S. airlines' first-quarter fortunes. 18*

**On The Horizon 4**

Hotel executives report strong first-quarter corporate demand; Bank of America Merrill Lynch turns to chip-and-PIN in the United States

**Management 12**

Accenture advances the use of airfare spending metrics to help drive traveler compliance, promote good behavior and foster peer networking

**Meetings 20**

Lanyon acquires Passkey and plans to integrate its tools into Lanyon's cloud offering; Certain integrates attendee engagement, marketing tech

**Payment/Expense 30**

MasterCard and industry consultants warn of significant ramifications if a proposed European cap on interchange fees becomes law

**Metrics 8**

ARC figures show March average airfares on key business travel routes and sorted by agency segment and length of advance purchase

**Multinational 14**

A new Russian law removing restrictions on nonrefundable airfares could lead to higher prices, a travel management company executive warns

**Distribution 22**

Retiring Ultramar CEO Peter Klebanow reflects; Pegasus Solutions vice president Linda Kent details the hotel distribution firm's strategy

**Cover Story 32**

Some travel managers are working with suppliers to help ensure their data is protected in light of the major breaches suffered by some retailers

**Feature 10**

BTN celebrates its 30th anniversary with editorial director David Meyer's look at the past three decades

**Transportation 19**

According to TSA, 40 percent of U.S. air travelers today are receiving expedited airport security screening

**Lodging 26**

Shangri-La's Marina Kleiman discusses the chain's growth; Oakwood president Ric Villarreal talks corporate sales

**Blueprint 36**

MetroConnections' Kim Holste offers some tips on conducting a rigorous post-meeting assessment

# Hotel CEOs Cite Strengthening Corporate Group Demand

BY MICHAEL B. BAKER

HOTEL EXECUTIVES during first-quarter earnings conference calls in April reported strong corporate transient demand and strengthening corporate group demand.

Hyatt Hotels Corp. president and CEO Mark Hoplamazian said total group production—bookings made for future events—during the first quarter increased 11 percent year over year, marking four quarters in a row of “solid year-over-year increases.” Group revenues at U.S. managed full-service hotels increased 9 percent during the quarter. Association business largely has been steady, but Hyatt was “struck by how strong corporate was this past quarter,” he said.

Group business from the technology sector—including hardware and software manufacturers as well as consultants—has led the growth, and group business from the manufacturing, insurance and pharmaceutical sectors

also has shown strength, Hoplamazian said. Even government group business, which of late has been a drag on overall group numbers, was up for the quarter,

Marriott president and CEO Arne Sorenson said corporate clients in general are more optimistic about the economy and thus more willing to spend on business travel.

though it did not indicate a “material or significant trend,” he said.

Corporate group growth also contributed to “an expansion of banquet revenue, as corporate groups are bringing more spend into their meetings,” Hoplamazian said. “As this continues,

we expect to see more rate movement.”

Similarly, Marriott International executives reported “broad optimism” among their corporate clients, which has contributed to a rebound in group business. During the first quarter, group revenue per available room at Marriott’s managed North American properties increased 8 percent year over year, and average group room rates were up 3 percent, according to Marriott CFO Carl Berquist. Group catering spending increased 11 percent year over year. Although the later timing of Easter this year helped with year-over-year comparisons, Berquist noted that “group attendance exceeded expectations, and cancellations were below trend.”

Marriott president and CEO Arne Sorenson said corporate clients in general are more optimistic about the economy and thus more willing to spend on business travel.

“It’s a view that the economic recovery is broad and steady and ought to continue,” Sorenson said. “We see cor-

porate customers who are not throwing caution to the wind by any stretch but are prepared to invest in their business and do the things that can be accomplished through meetings, whether those are focused on internal strategy, partners’ meetings or customer relationships.”

Like Hyatt, Marriott saw government travel demand stabilize during the quarter, although Marriott now is “intentionally reducing government occupancy” amid strong demand for higher-yielding transient and group stays, Berquist said.

Starwood Hotels & Resorts Worldwide also reported strong corporate demand worldwide. CFO Vasant Prabhu said some negotiated corporate rates increased in the mid-single-digit range, he said, and corporate groups are the healthiest segment of overall group business.

Corporate transient demand in North America was “very strong,” especially in the professional services and technology sector, he added.

“In the U.S. and generally around the globe, corporate transient is a huge bright spot,” Prabhu said. “Global corporations are doing very well, and that is evident in their spending.”

## BTN NOTES

### Leadership Change For *BTN*

Two decades after joining *Business Travel News*, Tim Reid, group publisher of The BTN Group, retired from the company on May 2. Reid, who initially joined *BTN* in 1994 as publisher, rejoined the company when Northstar Travel Media in 2010 acquired ProMedia.travel.

Upon Reid’s retirement, *BTN* publisher Louis Magliaro has been promoted to group publisher of The BTN Group, covering *Business Travel News*, *The Beat*, *Travel Procurement* and the group’s online publications. Like Reid, Magliaro initially joined *BTN* in 1994 and rejoined upon the acquisition of ProMedia.travel.

Also promoted is former advertising director Anthony Carnevale, who now serves as the associate publisher of The BTN Group. Carnevale initially joined *BTN* in 1996 and returned in 2011.

### U.S. Bank Of America Merrill Lynch To Issue Chip-And-PIN Exclusively In United States

All new **U.S. Bank of America Merrill Lynch** corporate travel and expense cards will have chip-and-PIN technology, the bank announced. BoA Merrill Lynch will replace existing clients’ cards with chip-and-PIN cards at the time of renewal. BoA Merrill Lynch in 2012 first began issuing chip-enabled cards in the United States and since has issued more than 100,000 cards with embedded microchips, according to the company. Banks typically have issued chip-and-PIN cards in the United States only to certain senior executives within an organization. The embedded microchip carries card and user information that a user verifies with a personal identification number, making the transaction process more secure than magnetic swipe cards. The United States plans a full transition to chip-and-PIN cards by 2015.

### European Commission Investigating Etihad, Delta, Korean Stakes In EU Carriers

The **European Commission** launched an investigation into holdings in European Union airlines by non-EU entities, including **Etihad’s** stakes in **Airberlin** (now at 29.21 percent) and **Darwin Airline** (now Etihad Regional, in which a 33.3 percent stake is held), and **Delta Air Lines’** 49 percent stake in **Virgin Atlantic**. Also under investigation are **Korean Air Lines’** 44 percent share of **Czech Airlines** and a Chinese investment in a cargo carrier. Under EU law, EU citizens or governments not only must own more than 50 percent of an EU airline, they must also “effectively control” it, though there is no fixed definition for effective control. The Commission asked relevant member states to explain how the investments they cleared comply with EU rules on ownership and control.

### EasyJet To Double Luton Presence

**EasyJet** announced a deal to double its operation at London Luton Airport, the location of its headquarters. Under a 10-year agreement, the carrier could grow its annual Luton passenger count to 9 million. EasyJet noted that it currently bases 15 aircraft at the airport serving 39 routes and plans to boost capacity by about 20 percent within the next year through increased frequencies and new destinations. EasyJet last year agreed to double its passenger operations at London Stansted Airport.

### CWT Meetings & Events Secures Conference-Management Rights In China

**Carlson Wagonlit Travel’s** CWT Meetings & Events division secured the right to manage inbound and domestic conferences in China after being granted a tour-operating license by the **China National Tourism Administration**. CWT claimed the award makes it the first global travel management company to operate both travel management and M&E in-house in China.

FIND DAILY NEWS UPDATES AND MORE AT [BusinessTravelNews.com](http://BusinessTravelNews.com)

May 12, 2014 Issue 764 Vol. 31, No. 7

Business Travel News (USPS 0728-870, ISSN 8750-3670) is published monthly except semi-monthly in March, April, May, June, September and November, by Northstar Travel Media, LLC, 100 Lighting Way, Secaucus, NJ 07094, tel. (201) 902-2000, and is distributed free of charge to qualified corporate travel buyers and travel agents specializing in business travel in the United States and Canada. The cost of a print subscription to non-qualified subscribers is \$129 in the U.S.; \$142 in Canada and Mexico; and \$210 in other foreign locations; the cost of a digital edition subscription is \$65; payable in advance in U.S. dollars. Registered for GST as Northstar Travel Media USA GST No. 264513185. Canadian GST #123397457. Periodicals postage paid at Newark, NJ, and additional mailing offices. Business Travel News is a trademark owned exclusively by Northstar Travel Media. Copyright © 2014 by Northstar Travel Media, LLC. Reproduction of this magazine, in whole or in part, is prohibited unless authorized by the publisher. Editorial and advertising offices: 100 Lighting Way, Secaucus, NJ 07094. For all circulation inquiries, including new subscriptions, renewals, cancellations, changes of address and problems with missed deliveries, contact customer service by mail at Omeda Customer Service, P.O. Box 3610, Northbrook, IL 60065-3610, by phone at (877) 705-8888; by fax at (847) 291-4816; or by email at [nbtn@omeda.com](mailto:nbtn@omeda.com). POSTMASTER: Send change of address to Business Travel News / Circulation, P.O. Box 3610, Northbrook, IL 60065-3610 Printed in the USA.





# Carfirmation<sup>®</sup>

---

Mobile Gold Alerts. Change your car on the fly, when you land.

With Hertz Gold Plus Rewards<sup>®</sup>, your travelers get a Carfirmation<sup>®</sup> – we'll send them an email or SMS the moment their plane lands confirming both the vehicle and stall it's waiting in. They can even change the car they've already reserved into another one. Right from their phone. No lines. No waiting. Go to [HertzGoldPlusRewards.com](http://HertzGoldPlusRewards.com) and sign up.

---

***Gold Plus Rewards***

***Traveling at the Speed of Hertz<sup>®</sup>***

**FOR YOUR INFORMATION:**

At participating locations and subject to availability and other restrictions. Requires enrollment in complimentary Hertz Gold Plus Rewards. Message and data rates may apply. ® Reg. U.S. Pat. Off. © 2014 Hertz System, Inc.

[hertz.com](http://hertz.com)

**Hertz<sup>®</sup>**



“In the long term, we think that supply chain efficiency that TripLink and other products drive is a very material component of revenue, comparable to what we see in our core business. ... Just like the online booking

tool, Concur Travel, we think over a reasonable period we'll see an uplift on a transactional basis for the end-user application.”

—Concur CEO **Steve Singh** on the company's open-booking TripLink platform, during an April conference call



“Global end-to-end travel IT solutions are critical for big multinational corporations' requirements. Becoming part of a truly global leader in the travel industry with Amadeus will allow us to develop the ability to meet our customers' requirements worldwide.”

—IFAO founder and CEO **Louis Arnitz**, announcing IFAO's planned acquisition by Amadeus



“This acquisition is another major step forward. ... It demonstrates our determination to continue to drive our expansion through both acquisitions and organic growth. We anticipate much more to come.”

—Direct Travel CEO **Ed Adams** in a statement announcing the April acquisition of Travel Destinations Management Group, the company's second of the month, following its purchase of Caldwell Travel



“The Emirates route provides no additional benefit for travelers who are already well-served by U.S. and Italian carriers between Milan and New York and could significantly harm U.S. and Italian airline employees by adding unnecessary capacity to an already competitive market.”

—Delta Air Lines in a statement applauding a ruling by an Italian administrative court that Emirates must scrap the Milan Malpensa-New York Kennedy service that it launched in October 2013. Emirates said it would appeal.

## Interview: Atlas Travel CEO Osgood



Atlas Travel last month announced it had opened a new London office. It's the first major international foray on its own for Atlas, a BCD Travel affiliate since 1998. The Milford, Mass.-based agency's roots date to 1986 when president and CEO **Elaine Osgood** purchased a Uniglobe franchise. In 1997, Osgood and team switched away from the franchise model and formalized the independent Atlas Travel International. In 2007, Osgood teamed with travel tech veteran Rock Blanco to form Prime Numbers Technology, supplier of the data reporting and benchmarking service then called Travel GPA. Last year, Atlas created an umbrella company called Atlas Travel &

Technology Group, also led by Osgood. It includes as separate divisions the travel agency and the Prime Numbers operation (including the since-renamed Prime Analytics benchmarking service). *The Beat's* David Jonas last month spoke to Osgood about the new London office and the company's transformation. Edited excerpts follow.

**David Jonas: What led to the decision to open an office in London?**

**Elaine Osgood:** It clearly was client-driven. We have so many of our customers that have locations there. It's something that seems to have been increasing over the last couple of years. We're working with BCD and have totally supported their global program over the years, but we're finding that in some cases, with some of our customers, we need to customize the service a bit more. The expectations of our customers we serve here in the U.S. ... the program is just a bit more customized with specific requirements. We are finding that more customers, when we service their divisions overseas, want to have the same type of service, the same delivery of the service and the customization. That's why we started conversations with our customers and looked at the activity in Europe, and specifically the U.K. by far stood out as the location that we needed to be in to better serve our clients.

**Jonas: The official announcement talked about providing access to proprietary technology for clients over there, but I guess there are other needs met by having a physical location.**

**Osgood:** Going into any new geographic area, there needs to be a certain amount of visibility to bring credibility to an organization. In Europe, they are not into the virtual nature of business as we are here. The expectation is an address and an office, which over time will help folks get a little more comfortable with that kind of program. At least initially, we do have an office location right in London, and we already have our staff hired and are ready to go.

**Jonas: How big is that staff?**

**Osgood:** We are kicking off with three. We are doing it slow and calculated. We want to make sure everything is working and everyone gets the service they

need from the start because it's an introduction to a new business. Most of them are being serviced by BCD, or we partner with other TMCs outside the BCD network, so we just want to manage the change. We want to take it a customer at a time.

**Jonas: Overall, there has been a bit of a transformation with Atlas Travel & Technology Group being created as an umbrella company. How is that going?**

**Osgood:** Excellent. As I think about our evolution over time, we consider ourselves a sales organization, so during the first 20 years or so of our history we were focused on growing the business and taking good care of our clients. Certainly technology and innovation always was something that was part of our DNA. We didn't necessarily spend a lot of time putting a lot of structure in place through the years. We found ourselves being a mature, viable company but the structure was pretty flat. We realized that in order to grow we needed to put in more structure and bring in more subject matter experts. Little by little, that's what we really have been focusing on in the last couple of years. Now we are poised to take the company to the next level. For us, it's not just about growing to get bigger; it's about growing appropriately and having the right relationships. Initially it was numbers, numbers, numbers—the ego side of the business. It's less about that now and more about a higher level of sophistication than we had in the past.

**Jonas: Regarding growth, on what trajectory is Atlas, and what are you seeing in terms of client activity?**

**Osgood:** We definitely have seen our sales per customer pick up over the past year. This year got off to a really strong start. With the exception of a small acquisition last year [Framingham, Mass.-based Horizons Unlimited Travel], growth has been organic. It's about measuring and controlling growth, and making smart moves and not just concentrating on the top line. 🔄

ORIGINALLY  
PUBLISHED IN **the beat**  
[thebeat.travel](http://thebeat.travel)

Advertising  
Corporation  
\$475K annual savings

Insurance Company  
\$884K annual savings

Consulting Firm  
\$1.5M annual savings

Manufacturing  
Corporation  
\$983K annual savings

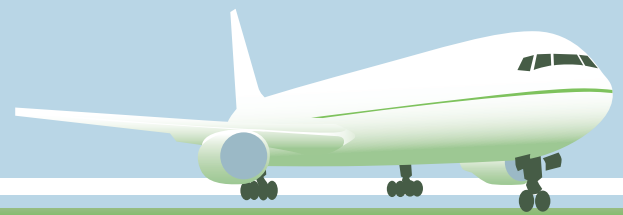
Government  
Contractor  
\$252K annual savings

**Numbers don't lie.** Southwest® Corporate Travel partnership saves your bottomline with services such as customized programs and no change fees.\* Join the ranks. Visit [southwest.com/corporatetravel](http://southwest.com/corporatetravel) for more information.



\*Fare difference may apply. Numbers based on negotiated rates and bag fee and change fee savings in 2013.

## ARC Report: March 2014



**March Average Airfares**  
**Mostly Higher On Key Routes**  
*Average Roundtrip Ticket  
 Price Paid Including Taxes,  
 With Year-Over-Year Changes*

**NYC - Los Angeles International**  
**\$839 +3.7%**

**Washington Dulles - Los Angeles International**  
**\$633 +3.3%**

**Chicago O'Hare - San Francisco**  
**\$542 -3.7%**

**NYC - Atlanta**  
**\$509 +16.5%**

**Chicago O'Hare - Los Angeles International**  
**\$498 +4.2%**

**NYC - Chicago O'Hare**  
**\$485 +11.8%**

**NYC - Miami**  
**\$445 +8.5%**

**NYC - Ft. Lauderdale**  
**\$402 +6.3%**

**Chicago O'Hare - Minneapolis/St. Paul**  
**\$390 +30.0%**

**Atlanta - Orlando**  
**\$365 +16.2%**

**Boston - Chicago O'Hare**  
**\$357 +2.9%**

**Boston - Washington National**  
**\$296 -9.2%**

**Los Angeles - San Francisco**  
**\$248 -4.2%**

Notes: Fare data is based on tickets purchased/issued in March 2014, includes mandatory taxes and fees and encompasses roundtrips originating in either airport on a given a route. "NYC" includes New York LaGuardia, New York JFK and Newark Liberty airports.

## Travel Agency Segments

**MEGAS** include American Express, BCD Travel, Carlson Wagonlit Travel, Expedia's Egencia, Hogg Robinson Group and Omega World Travel.

**ONLINE** includes various online travel agencies, including Orbitz for Business and BCD Travel's Travelocity Business.

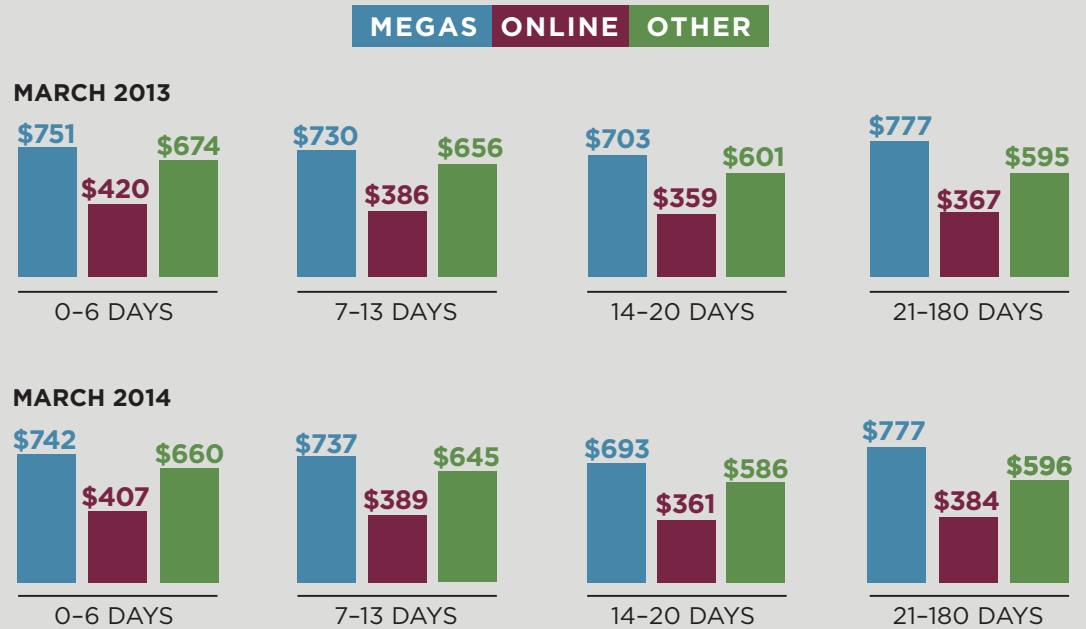
**OTHER** includes all other travel agencies whose data is processed by ARC.

### Average Fares

*Aggregate Roundtrip Fares Purchased During The Month, Excluding Taxes*

	MEGAS	ONLINE	OTHER
MARCH 2013	\$751	\$394	\$648
MARCH 2014	\$759	\$410	\$410

*All Fares, By Advance Purchase*



### First-Quarter Air Transactions

*By Segment, In Thousands, Excluding Refunds And Exchanges*

	Q1 2014	YOY CHANGE
MEGAS	7,848	+1.7%
ONLINE	12,645	-2.4%
OTHER	14,689	+7.6%
ALL	35,183	+2.5%

Source: ARC AeroTrend



## Our airline is all about you

Everything you've ever wanted in an airline and more. Our entertainment, delicious cuisine and attentive service will impress the most discerning passenger. Making your experience perfect is our commitment to you.



45<sup>th</sup>  
Excellence in Flight

**KOREAN AIR** 



**DAVID MEYER**  
 EDITORIAL DIRECTOR  
 THE BTN GROUP

# Three Decades And Counting

**F**rom the first issue, published May 18, 1984, *Business Travel News* has followed the development of corporate travel buyers and managers, their suppliers and intermediaries with the aim of arming readers with business travel intelligence. It's been the story of an industry growing from its infancy to maturity, but that still has some growing up to do.

It has been a neverending tale of automation and globalization. It's a narrative of deregulation, innovation, entrepreneurial creation and corporatization. For the corporate travel buyer, it has been a story of internal communication, data consolidation, supplier negotiation and technology application.

From our perspective, the growing sophistication of those responsible for buying and managing, supplying and distributing corporate travel makes for a story of endless fascination.

*BTN* began covering the story from the U.S. corporate travel decision-maker's point of view at a time when a significant number of businesses, following U.S. airline deregulation in 1978, began developing sophisticated supplier relationships and internal managed travel programs and working with travel agencies starting to specialize in travel management. One such TMC was Heritage Travel, led by Don Sohn, which introduced the global distribution system to the travel agency environment and built the first reporting tool for travel management. 1984 not only was the year that witnessed

the launch of *BTN*, the Airlines Reporting Corp. and the Business Travel unit of American Express, it also was the time when early efforts by IBM and others demonstrated the effectiveness of leveraging corporate airline spending to drive discounts. It also was when it became possible to consolidate computer reservation system data into marketing information data tapes, known as MIDT.

In those early entrepreneurial days, travel agencies sought to lock up corporate business by sharing commission payments and overrides from their travel suppliers, mainly airlines, in the form of rebates to their corporate clients. Many of the rebates were so attractive that many travel managers saw themselves as operating profit centers. This circuitous accounting was accepted industry practice through the first decade of *BTN's* existence, and only began to end in 1994, when Delta led the airlines in capping commissions they paid agencies, prodding corporate accounts to begin negotiating contracts net of commissions and overrides.

During its first decade, *BTN* bore witness to the consolidation of travel agencies into new mega organizations, culminating with American Express' acquisition of Thomas Cook and the merger of Carlson and Wagonlit, followed years later by the formation of BCD Travel.

It also saw substantial airline consolidation, and the creation of the first airline alliance, between KLM and Northwest Airlines.

Advances in data management during that first decade, including ways of using the aforementioned MIDT data and the evolution of computer reservations systems into global distribution systems, allowed suppliers to become

more sophisticated about contract monitoring and made possible early automation developments in booking and then integrating that data with other enterprise systems.

In the early 1990s, following the Gulf War, a slight recession contributed to a rise in the ranks of business travel decision-makers of those with purchasing management rather than travel expertise, as well as the advance of airline contract management and new internal efforts to focus on process reengineering.

Efforts by travel management companies, GDSs and technology companies yielded innovations including improved travel agency tech, the introduction of Prism's Travel Manager's Workstation in the early 1990s and the development of the first generation of corporate online booking tools, which pioneering travel buyers began deploying after they first appeared in 1994.

## SECOND DECADE: THE RISE OF THE INTERNET

Those advances set the stage for the rise of the Internet and online booking adoption during *BTN's* second decade. That also was the time when the industry embraced a standard electronic hotel request-for-proposals and started a decade-long march toward the ubiquitous adoption of electronic tickets.

The late 1990s saw the further flourishing of automation and more sophisticated data warehousing and analysis. It was then that Prism introduced its airline contract management system and data collection process that, despite objections from some corporate travel buyers, would become the way nearly all major U.S. carriers did business by the end of *BTN's* second decade. By the end of the third decade, it

would be adopted by nearly all major airlines worldwide.

Cost pressures prodded airlines to further reduce domestic and international airline commissions until they reached their ultimate conclusion with complete elimination in 2005.

With the move toward eliminating commissions, and therefore the rebate checks that in some companies still funded travel departments, travel agencies stopped getting all of their revenue from airlines and started the transition to getting most of their revenue directly from their corporate accounts.

In the transition to fees, many buyers got greater but not full transparency into the commissions, overrides and other incentives their agencies received from their suppliers.

Full transparency of airline and agency economics came at the end of the 1990s, when ARC, prodded by corporate travel buyer interest, created a designation that allowed a corporate travel department to act as its own travel agency.

TMC consolidation continued during this decade, but not at the pace some predicted. *BTN* reported then on the emergence of online-originating TMCs and efforts by the megas and smaller agencies to support clients moving to self-service reservations and to create corporate low-cost online fulfillment centers.

Perhaps to some extent prodded by the need for companies to reevaluate the economics of airline ticketing and agency services, this period showed a further increase in the influence of purchasing, procurement and sourcing professionals on business travel decisions.

At this time, substantial numbers of buyers started managing the use of



nonrefundable tickets, previously used primarily for leisure travel.

During *BTN's* second decade, the lodging industry expanded the availability of limited-service and extended-stay brands and in higher tiers began investing in superior-quality bedding. Some major hotel companies worked to create an electronic e-folio standard, but its adoption by suppliers has been slow and benefits are yet to materialize. Perhaps the most significant hotel development during this period was the rise of the multi-brand hotel company, a trend led by Marriott and adopted by several others.

Amid all of the change of the 10 years from 1994 to 2004, the industry stopped on Sept. 11, 2001.

Unclear as to what demand would be after acts of terrorism turned airplanes into weapons, airlines parked some of their inventory in the desert. They, along with hoteliers, found that allowing online distributors to merchandise their products helped fill beds and seats. The success of the merchant model proved to be a short-term help, a mid-term threat and a long-term lesson to travel suppliers about opportunities in online distribution. Even more meaningful was the airlines' realization that keeping some of those planes parked in the desert and restricting inventory put them in a better position to fill planes.

Heightened security concerns and technology advances also helped push the industry to develop and companies to adopt tools to track business travelers.

*BTN's* second decade ended, following a series of financial scandals, with a new financial reporting law, known for the U.S. senators who sponsored the legislation, Paul Sarbanes (D-Md.) and Michael Oxley (R-Ohio), that holds top executives for publicly held companies accountable for financial information. Among other things, SOX spurred senior management to focus on travel expense reporting.

### THIRD DECADE: FROM FINANCIAL DISASTER TO RECOVERY

*BTN's* third decade began with nearly every major U.S. airline entering Chapter 11 protection and emerging just in time for the financial meltdown known as The Great Recession.

That financial crisis iced corporate travel once again and in response airlines slashed capacity and began adding ancillary fees. By gaining control of their inventory, airlines also gained

pricing power and moved into a seller's market cycle. With recovery, hotels also returned to seller's market conditions that seem destined to last for quite some time with the slow pace of new hotel construction.

Meanwhile, U.S. mega airline consolidations leaped forward, and the Big Six became the Bigger Three. European airlines too grew through mergers and acquisitions. Airline consolidation also entered a new phase with the emergence of antitrust-immune joint ventures between major international carriers that in many key markets reduced the number of players in the competitive set.

So-called low-cost carriers, such as Southwest and JetBlue, sought to augment their continuing expansions by courting corporate accounts for the first time.

The industry got yet another wakeup call regarding the importance of duty of care in April 2010, when an ash cloud from the Icelandic volcano Eyjafjallajökull knocked out the European air transport system for several days. The grounding of flights in the airspace and the extenuating logistical quandary proved the value of TMC and internal corporate efforts to track travelers and boosted use of smartphones and SMS capabilities.

Mobile technology use already had been on a trajectory toward massive proliferation. Despite its near ubiquity at the end of the third decade, most corporate travel buyers and managers were just coming to terms with putting strategies and policies in place regarding the use of mobile communications and apps by travelers.

Other innovations introduced toward the end of *BTN's* third decade included door-to-door trip booking, the adoption of social media communications and gamification techniques and the appearance of virtual cards and chip-and-PIN technology.

During the past decade, *BTN* also saw Concur rise from an expense tool to a technological juggernaut that acquired a booking tool and several technology players with data management and data sharing as well as social networking and risk management capabilities.

Concur also contributed to another trend in the past decade: questioning the fundamentals of business travel management. Concur offered the in-

dustry Open Booking (since rebranded TripLink), which let corporate travel buyers capture out-of-policy spending. In another take on how to do business differently than enforcing preferred carrier use, Google created an internal system for travelers to record purchases regardless of the supplier and provided them with in-



centives to find fares and rates below those the company negotiated. Repeated calls by a handful of industry pundits to embrace "Travel 2.0" were widely discussed during this period, but largely went unheeded by *BTN's* 30th anniversary.

In three decades of coverage, *BTN* has seen the development of corporate travel managers advance from travel experts to those with data and risk management, process reengineering, technological, procurement, marketing and communications prowess. We have watched them expand responsibilities to include payment and expense, facilities and fleet management, meetings management and tracking every traveler. We have watched them demonstrate value

to management in controlling cost and enhancing service delivery, confronting economic cycles that have engendered buyer's and seller's markets and constantly recalibrating efforts to keep pace with accelerating industry change.

The change for the most part has been profound. Advances in technology have improved the quality and speed of data gathering and reporting and put more information, and therefore power, into the hands of business travel buyers and travelers and their suppliers. Consolidation, particularly among airlines and car rental companies, has reduced the number of suppliers and negotiating opportunities, while creating larger entities with improved capabilities to develop new products and provide multinational service. Corporate efforts to globalize have led many to realize the shortcomings of suppliers to deliver consistent service across the globe and have caused many multinational companies to adopt primarily regional decision-making structures.

The convergence of meetings and travel and the adoption of technology to advance meetings management, while obvious areas for mature travel programs to yield additional savings for their companies, have advanced surprisingly slowly.

What has not changed at all in 30 years is the commitment of the *BTN* editorial team to provide the news, research, education and analysis that business travel executives need to make smart decisions.

It is traditional for a 30th anniversary to give pearls. We at the *BTN* Group, publishers of *Business Travel News*, *The Beat*, *Travel Procurement* magazine and *businesstravelnews.com*, treasure the pearls of wisdom our sources and supporters have given us over the years as we've endeavored to keep our readers abreast of all the changes in this dynamic business. That's the kind of gift that makes us want to renew our vows. Here's to many more years of progress and togetherness! 🌐

A handwritten signature in black ink that reads 'David Meyer'.

# Accenture Leveraging Air Data To Promote Compliance, Peer Networking

BY DAVID JONAS

ACCENTURE IN 2011 launched My Travel Summary, a dashboard widget detailing six airfare spending metrics that appears on the personal Accenture portal home page of every traveling employee. Now, following the success of the initial phase, travelers can see how they stack up against their peers in such fiscal year-to-date metrics as total tickets booked, tickets booked out of policy, total airfare spending, missed air savings, average advance booking period and the amount of carbon emissions produced.

As with some other travel initiatives, providing such information is made possible by close coordination with Carlson Wagonlit Travel, Accenture's consolidated global agency. The key is integrating booked air data fed by CWT with Accenture's internal human resources data.

"We introduced comparators to this dashboard in the past year," said Accenture global travel program manager Lisa Keller during a March webinar conducted by The BTN Group. She noted that comparisons can be based on geography, level within the organization and other criteria, and are updated monthly. "You can also compare your personal spend to that of your client team. When we book travel we use a charge number; you have to indicate which account you are charging that flight to. That's what is so critical and has been of so much value to use, to have that booked air data integrated with our HR data and our financial data. It allows for that sort of peer group creation.

"Traveler response has been very positive," Keller continued. "For some people, a motivator for them is to minimize their carbon footprint."

Accenture in March issued its latest corporate citizenship report. It cited My Travel Summary as one method that helped reduce emissions from air travel in fiscal 2013 by 5 percent from fiscal 2012, to 1.33 metric tons per



"Those people buying in advance and paying less than expected ... receive a thank-you message. So we're doing both educational messages and positive recognition to recognize those people exhibiting the best behavior."

—ACCENTURE'S LISA KELLER

employee. "By providing monthly and year-to-date summaries of their carbon emissions, and encouraging them to use virtual meeting technologies, this tool makes it easier for our people to understand their travel-related carbon impact," according to the report, which noted that 80 percent of the firm's global emissions footprint is generated from "air travel to see clients and from the use of electricity."

Keller explained that CWT aggregates all travel booking data globally and "is able to provide us on day two of the month a consolidated report of all our bookings from the previous month. We load that into an Accenture data mart

where it is married with our HR data, and then that produces the dashboard report. The majority of that work was done in-house by Accenture, leveraging monthly data feeds from Carlson."

In another example of applying booked air data, Accenture in February launched the Smart Purchase Program, which sends personalized messages to travelers after they book travel.

tive, the Smart Purchase Program is "agency-driven," Keller said. "With Carlson, we have a program messenger function that generates these messages. The approach varies by [geography]. In Europe, where this is live, they send messages in real time. In North America they are batched and sent monthly."

Accenture also is using its air travel data for social networking and gamification. Launched last year, the Connected Traveler program helps employees share trip information. When they are on the checkout page at the end of the flight-booking process within the GetThere booking tool used globally by Accenture, they are asked if they are willing to share high-level itinerary information with colleagues. If they do, the information is posted to Accenture Activity Stream—"the equivalent of an internal Facebook," according to Keller. It appears on an employee's personal news stream, as well as those of whoever is "following" that employee within the social network. "That itinerary is shared twice, at the time of booking and then the day before departure date," Keller said. "This was introduced to get more value out of those trips and help make connections, either within the location they are traveling or with those who also may be traveling to the same location."

To make the Connected Traveler program work, CWT sends a daily feed of booked trips for which employees indicated a willingness to share details.

To acknowledge positive behavior, Accenture established Smart Traveler, one of several recognition programs around the company. Travelers earn badges when their bookings in a quarter are on average at least seven days in advance, or when they share trip information via the Connected Traveler program. "Similar to the other programs, this is generated by integrating our booked air data with our HR data to push these badges out to a person's personal page," Keller said.

Next up for Accenture is a company-wide expense management initiative led by the finance organization and meant to reduce policy noncompliance. Keller explained that "within the next 12 months we'll be enhancing our expense system, bringing in a daily feed of our booked agency data in our expense system and being able to provide real-time messaging when people are entering expenses, trigger approvals, etc."

## NEWSLOG

### GBTA Unveils Four European Committees

The **Global Business Travel Association** this month announced the launch of four committees in Europe, covering aviation, hotel, meetings and technology. The committees will be comprised of GBTA members collaborating to generate industry toolkits, requests for proposals, white papers, templates, webinars and educational content, according to the association. The aviation committee will be chaired by Jörg Martin, managing director of CTC Corporate Travel Consulting; the technology committee will be chaired by Louise Kilgannon, global business partner at AstraZeneca Travel Service; the hotel committee will be chaired by

Ulrika Rosen, travel manager at Tetra Pak; and the meetings committee will be chaired by Izania Downie, director of industry strategy at Lanyon. GBTA also has established a global liaison role in each North American committee to communicate with the other groups. In addition, the organization indicated it soon would announce the launch of a risk committee in Europe.

### PTC Allies With French Firm

**Partnership Travel Consulting** announced a strategic partnership with France-based **JK Associates Consulting**. The combination will provide "a

much deeper penetration with European multinational corporations particularly in France, Spain, Belgium and Switzerland," according to PTC founder and CEO Andrew Menkes. JKAC founder and CEO Brigitte Jakubowski and employee Nathalie Marechal will serve as PTC consultants and assist in generating new business in Western Europe. PTC also announced that industry vet Tanya Racz joined as senior vice president, focused on Canada and the U.S. "Pacific Southwest" region, according to the firm. During a 25-year career, Racz held management positions at Delta Air Lines and BTI Canada.

UNITED



A STAR ALLIANCE MEMBER



flyer . friendly

*Congratulations to BTN on celebrating  
their 30<sup>th</sup> anniversary.*

**fly the friendly skies<sup>SM</sup>**

# Russian TMC Exec: Airfare Rule Changes To Raise Prices For Business Travelers

BY AMON COHEN

A RUSSIAN travel management company has warned corporate clients that a new Russian law allowing the country's carriers to sell nonrefundable tickets could raise fares for business travelers in the short term. However, Continent Express general director Stanislav Kostyashkin told *BTN* that a wider package of deregulation in which the nonrefundable rule change was included eventually should lead to more mature corporate agreements with Russian airlines.

The legislative changes appeared in a bill approved last month by Russia's parliament, the Duma. In addition to removing the restriction on nonrefundable fares, the law also permits the hiring of foreign pilots, liberalizes restrictions on pilots' working hours and scraps a requirement for hot meals to be served on all scheduled flights.

"It is a positive solution. Russian airlines will be far more competitive with foreign carriers," said Kostyashkin. "Russian airlines often charge very high fares compared with European competitors. You can pay \$300 with Lufthansa



from Moscow to Munich but \$500 to \$600 with Aeroflot."

However, Kostyashkin added that business travelers could lose at the expense of leisure travelers. "The new

law will allow Russian airlines to have much more elastic pricing," he said. "Until now, the lowest fares have been a little higher than they could be but the highest fares have been a little lower

than they could be, so passengers flying to London traveled with British Airways if they wanted the cheapest seat but booked Aeroflot if they wanted to go in business class.

"Although some nonrefundable tariffs will leak into the corporate segment, I have predicted to my corporate clients that they will be hit twice," Kostyashkin added. "There will be an increase in semi-flexible fares in premium cabins and they will have to think twice about canceling tickets, which they didn't have to worry about in the past."

Nevertheless, Kostyashkin said that "it is the wheel of history" that Russia's aviation market be liberalized. "Aeroflot was being criticized by the government for its high fares, so it said it needed the same regulatory freedom as European carriers, including offering nonrefundable tickets," he explained. The new rules also will enable Aeroflot to launch a low-cost subsidiary, Dobrolet.

Continent Express claims to be the largest independent TMC in the Russian Federation, and the first to have offered travel management services when it launched in 1997. [↗](#)

## Radius Adds Sales Personnel, Seeks New Partners In Asia/Pac Push

BY DAVID JONAS

RADIUS TRAVEL this year named additional sales directors for the Asia/Pacific region, an area where the travel management organization is focusing investment and seeking additional partnerships. The diverse region also calls for a variety of sales tactics and a measured approach to technology deployment, according to Murray Skea, appointed in January as Radius director of global sales and service in Asia/Pacific.

"We recently expanded quite a lot into the region," Skea said. "Obviously with the amount of growth expected over the next few years, Asia/Pacific is going to be a key market globally. With the greater spend across all of the market—particularly China, India and Indonesia—the global companies based locally in the region will have a greater voice when it comes to making global decisions.

"Previously, they would just be told what to do, [using] a top-down approach from the U.S. or Europe," he continued, "but as their spend and their decision-making process becomes more important because of travel volumes in the region, they are



Radius' Murray Skea

getting more involved now."

Radius will target local multinationals as clients, although global companies based in Europe and the United States with Asia/Pacific operations have been more typical accounts for the company.

Radius already counts as members 17 Asia/Pacific travel agencies, including China's Ctrip; Indonesia's Dwidaya, which Skea said now is that market's fourth-largest travel management company; Singapore's Citystate Travel; and Cox & Kings, an Indian travel

company tracing its roots back to 1758.

To extend its local-service model, Radius is seeking a presence in some emerging markets, including Pakistan and Papua New Guinea, he added.

Depending on the market, either Radius or the local member will lead sales efforts. "With our agencies in the United States—Adelman Travel, Travel and Transport, World Travel—they actually lead the process," Skea explained. "They have the brand awareness. We are taking a similar approach in Australia, where our agencies like TravelEdge and Globetrotter Corporate Travel and the other CT Partners [a group of independent corporate travel agencies that itself is a Radius member] will actually be leading the bid with support from Radius, because Radius as of yet is not a huge household name down in the Australia/New Zealand region. But in Southeast Asia, India and China, Radius would take the lead."

In terms of reporting technology, the Radius central organization also has been taking the lead. All member agencies, for example, can feed data into the RadiusIQ tool. "Clients can get a really good view of their global spend," Skea said, noting that the system has been

demoed recently in meetings he's attended in Singapore and Hong Kong. "It doesn't just have the reporting aspect, but also 'what-if' scenarios that you can plug in, in terms of air or hotel policy, and it can show you the impact on the bottom line."

He added that clients also are finding value in the reporting system's traveler-tracking capabilities. "A lot of these companies do not have anything in place in terms of duty of care and traveler tracking, and a few of the countries have changed their legislation recently in terms of duty of care," Skea explained. "We'll see that start to tighten considerably."

Skea also said that views on online booking are starting to change. Whereas online booking "particularly in India and Indonesia" heretofore has been more expensive than offline booking because of cheap, available labor, "we are starting to see that shift a little bit as labor costs start to rise and as more global companies want to try to really standardize their policies and procedures across the globe, including in Asia. So we are putting a big focus on that at the moment. It will become more prevalent over the next year or so." [↗](#)

# BUSINESS TRAVEL TRENDS & FORECASTS

WASHINGTON, DC

JUNE 13

## CONNECT. LEARN. GROW.

You can't afford to miss the one-day event held exclusively for business travel buyers. Through expert-led sessions, interactive discussions and peer networking, attendees enhance their business strategy and set the stage for success in the months ahead.

### TOPICS INCLUDE:

- Benchmarking and Best Practices
- Business Travel Intelligence
- Corporate Hotel Negotiating Strategies
- Managing Travel Management Services

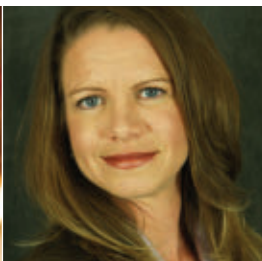
AND MORE

### SPEAKERS



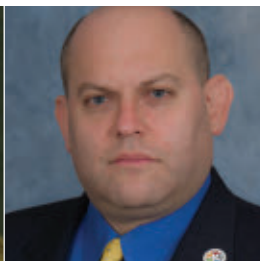
**HILLARY DALLAS**

Sr. Manager of Global Sourcing and Travel Strategy&



**NICOLE HACKETT**

Director Travel Services  
Graham Holdings



**JOHN HEIMLICH**

Vice President and Chief Economist  
Airlines for America



**MIKE PREMO**

President and CEO  
ARC

AND  
MORE

REGISTER  
TODAY AND  
SAVE!

VISIT US ONLINE AT  
[BUSINESSTRAVELTRENDS.COM/DC](http://BUSINESSTRAVELTRENDS.COM/DC)

PRESENTED BY



A DIVISION OF NORTHSTAR TRAVEL MEDIA

SPONSORED BY

cvent



A STAR ALLIANCE MEMBER

WESTIN®  
HOTELS & RESORTS

WESTIN GEORGETOWN,  
WASHINGTON D.C.

# Airlines' Use Of Prism Continues Stirring Controversy In Europe

BY AMON COHEN

AT ITS SPRING conference in Berlin last month, German travel managers' association VDR bestowed on Prism Group a distinction that the U.S.-based travel data consolidation specialist neither sought nor welcomed. Awarded annually for the greatest business travel

ORIGINALLY PUBLISHED IN **the beat** [thebeat.travel](http://thebeat.travel)

annoyance, VDR's "Return To Sender" recognition for 2013 went to all airlines requiring corporate customers to submit booking data through Prism to receive the best possible discount offers.

This year's award is a reminder that some travel managers always have felt uneasy about how airlines use Prism. In the United States, the process carriers use and the data they request faced vocal opposition starting around the turn of the century. That gradually subsided, partly because Prism and its airline users masked certain data fields that concerned travel buyers. Today, like it or not, the process in the United States is a de facto standard for airline corporate contract management. But, as Prism has expanded across the Atlantic, opposition again has flared.

Styling itself as a "third-party data intermediary," Sabre-owned Prism consolidates corporate client data on behalf of airlines for use in creating and managing contracts. Corporate clients authorize travel management companies to release to Prism ticket-level data for the previous 12 months—and subsequently for each month—detailing all ticket and revenue segments purchased across all airlines.

Named by 44 percent of the association's voting members, Prism's airline users overwhelmingly led the VDR balloting. Airport security controls (16 percent) and reform of the German government's tax law on travel expenses (11 percent) ranked second and third.

In response to the vote, Prism vice president for Europe, the Middle East

and Africa Herman Mensink claimed to *The Beat* that VDR leadership has persistently misrepresented to its membership basic details about how Prism operates. He pointed out that the timing of the vote is particularly poor, given a Prism-VDR meeting scheduled for early this month was meant to end an apparent communications breakdown.

"The information from Prism, travel agencies and airlines is full of contradictions, which means the situation is unfortunately still not very clear," said VDR president Dirk Gerdom. "VDR still has not received any clear information from Prism as to what the data records look like in practice, how Prism receives this information and how the data is masked, supplemented or stored."

Mensink refuted the allegation, saying Prism has sent written responses to those requests and sought "direct dialogue with VDR for over a year." He added that the company at the May meeting will present to VDR all the information the association claims not to have received.

Why is Prism again on the defensive more than a decade after drawing travel managers' ire in the United States?

One reason is commercial: Corporate deals in the United States are predicated on market share, and Prism's primary objective is to help airlines on a route-by-route basis determine market share from clients. But in the European

airlines more data about corporations than is reasonable. "The airlines have very detailed information on the travel behavior of company staff and the company itself," said Gerdom. "This enables airlines to draw conclusions about competitors and their market shares, as well as the average prices per route, so they can make targeted offers to corporate customers. This can lead to distortion of competition and higher prices for companies in the long term."

Biehl added that "it is a Catch-22 situation for companies," because if they don't authorize release of the requested data, they "are unable to benefit from the most attractive rates or they must do without an agreement altogether."

VDR also voiced its suspicion that personally identifiable information (passenger names and credit card numbers) is being passed to Prism. "We have clear information from TMCs in the U.S. who say Prism is pulling all the data from them and the TMC does not mask anything at all," Biehl claimed.

Mensink flatly denied any accusations about Prism pulling in booking data, masked or not. "Personally identifiable information is not required by Prism," he said. "We don't want it and we don't need it. The TMC does not need to send personally identifiable data. We have told VDR over and over again: [Data transmission] takes place at the agency end at the request

of the corporate. We are not pulling any information from the back office. It's a data file sent to us on a monthly basis."

Mensink noted that TMCs occasionally send to Prism personally identifiable data in spite of being instructed not to do so, but this happens "in less than 1 percent of cases" and never in Germany, but rather in markets with less sophisticated travel agencies, such as Vietnam and the Middle East.

VDR's concerns reveal another reason for heightened opposition in Europe, a cultural one. Data protection and privacy



"We have clear information from travel management companies in the United States who say Prism is pulling all the data from them and the TMC does not mask anything at all."

—VDR'S HANS-INGO BIEHL



"Personally identifiable information is not required by Prism. We don't want it and we don't need it. The TMC does not need to send personally identifiable data. We have told VDR over and over again."

—PRISM'S HERMAN MENSINK

Union, deals often are based on volume. (A landmark case concerning British Airways and Virgin Atlantic some years ago established that carriers may not offer marketshare-based deals in countries where they dominate).

Talking to *The Beat*, VDR executive director Hans-Ingo Biehl claimed that "in Germany, marketshare deals are not

vacancy often appear to be guarded more jealously in Europe, and wariness of surrendering any data to U.S.-based entities in particular has intensified following high-profile revelations of government intrusions. "Especially after the National Security Administration story, data ownership is definitely a very strong issue here," Biehl said. "Everyone is looking for solutions that don't involve sending data to the U.S."

On that point, Mensink said some multinational TMCs also store European clients' data in the United States, and unlike Prism, their records do include personally identifiable information. "This is a question for the entire global industry, especially in the cloud era we are moving into now," he said.

Although not specifically raised on this occasion by VDR, some travel buyers have continued to articulate other misgivings about Prism. For example, although Prism supplies airlines only in aggregate form the data about client bookings on each origin and destination, that can fail to prevent the identification of a competing carrier in cases where that O&D is served by only two carriers. Prism has acknowledged this can happen, but in practice only in limited instances because O&D information includes nonstop flight data as well as flight segment data for connecting itineraries. Some buyers also are unhappy that airlines can access client data for O&Ds they do not fly. Prism, however, believes routes on which the airline is not present are part of overall market-share discussions. 🌐

# Study: Strong U.S. Business Travel Spending To Lag Asian Growth

BY DAVID JONAS

A NEW REPORT reinforced expectations that business travel emanating from Asia, and China in particular, during the next decade will surge. Meanwhile, business travel from Europe and the United States, while still projected to increase, will account for a shrinking portion of total global growth, according to an Oxford Economics forecast commissioned by Amadeus.

“North East Asia alone will account for 42 percent of the growth in global outbound business travel expenditure over the next decade, with South East Asia accounting for a further 13 percent,” according to the report, released last month. Meanwhile, “Western business travelers have been slow to recover old spending habits” as corporations have “adjusted to austerity,” researchers wrote, projecting Europe to contribute 15 percent of the next decade’s global



business travel spending growth and North America 7 percent.

Oxford calculated that business travel spending in the United States this year would climb back to the heights recorded before the last global economic recession. In Europe, full recovery is expected by 2018. The business travel

growth trend in Asia, however, “was unaffected by the financial crisis.”

The report detailed a few factors that have minimized Western business travel growth: a more cost-conscious attitude among U.S. and European companies, and greater use of “sophisticated” expense control tools and such travel alternatives as videoconferencing. Cost-consciousness has manifested itself as shifts from business-class to economy or premium-economy options for air travel (especially on short-haul routes), use of restricted (and therefore cheaper) airfares and shorter hotel stays.

Meanwhile, the Oxford/Amadeus report pointed to “a growing body of evidence that businesses view videoconferencing and business travel for face-to-face meetings as possessing distinctive strengths and weaknesses and as serving different purposes. Firms are increasingly optimizing the two for-

mats, and the choice between the two differs according to the sector and the content of the communication.”

When assessing global travel in aggregate across all segments, researchers forecast solid growth. “We expect global overnight visitor flows to grow at 5.4 percent per annum over the next decade, significantly faster than GDP growth of 3.4 percent and more in line with the expected expansion in global trade flows of 5.8 percent,” they wrote. That 5.4 percent growth would represent greater momentum for an industry that experienced a total 4.1 percent increase in the metric from 2009 to 2012.

In terms of hotel stays, the report noted that international travelers in aggregate since 2009 have generated a larger volume of room nights than domestic travelers. “Based on current trends, domestic and international accommodation nights are forecast to continue to diverge from 2013 to 2023,” according to Oxford, which projected the former to grow at an average rate of 3.4 percent compared to the latter’s average growth rate of 5.1 percent. [➔](#)

OMNI UNDERSTANDS

Partnership

At each Omni property, expect the highest level of award winning personalized service at each of our hotels and resorts, and experience the local flavor of each destination.

OMNI  HOTELS  
& RESORTS  
a total departure™

omnihotels.com

# Corporate Sales Help U.S. Airlines Overcome Atrocious First-Quarter Weather

BY DAVID JONAS

THE WEATHER ACROSS much of the country during January and February was downright frightful, but most major U.S. carriers shrugged off the difficulties and posted solid results for the first quarter. Growing corporate sales volumes helped, according to executives speaking during conference calls in April.

American Airlines Group posted a first-quarter net profit of \$480 million, reversing the combined \$297 million in losses reported for the first quarter of 2013 by standalone American and standalone US Airways. It was the largest net profit recorded by a U.S. carrier for the quarter.

President Scott Kirby said corporate revenue during the first quarter was up by “mid-single-digit” percentages from a year earlier. “We have had some nice corporate wins,” he said, pointing to “the power” of the merged American-US Airways network, especially in New York, given the combination of transcon and shuttle services. “The outlook for demand across the industry is bright and robust both in corporate and leisure. We will increase our share of both sets of businesses as a result of the merger, but more so the corporate business. We’ll carry more business traffic combined than we would individually, so effectively we’ll win share. That is going to happen. It already has started to happen.”

But Kirby added that while AA “can always make the corporate revenue number go up just by signing more corporate accounts,” he said “that’s not necessarily smart business.”

United Airlines executives agree as the airline works to ensure corporate business provides the highest return. “We are very focused on account retention and expanding our preferred position with key corporate accounts,” said chief revenue officer Jim Compton.

“We have considerably improved our corporate customers’ compliance with their contracts, and we are at our highest level of compliance since 2012.” United’s first-quarter corporate sales revenue increased 2 percent, boosted by 5 percent growth in March.

But while American reported the industry’s largest bottom-line profit, United posted the deepest loss, finishing \$609 million in the red. Its lagging revenue performance in 2013 continued

“launched a program to more actively sell premium cabin seats on some of our domestic and short-haul international flights at the time of booking,” Compton explained. “By more dynamically pricing these seats, we have increased the percentage of paid premium traffic by more than 20 percent.”


Other planned actions include reworking flight banks at hubs in Denver and Houston “to build more efficient directional flow and shorten connec-

Partly offsetting the negative impact of weather, revenue from corporate accounts remained on a growth trajectory during the quarter, up 6 percent year over year. Although bad weather dampened corporate revenue growth too, it rebounded in March and continued to stay strong into April. “Corporate revenues were up in the 8 percent range for the past four weeks, led by double-digit gains in the financial services, automotive and media sectors,” said Delta president Ed Bastian. “Not only are we continuing to see gains in corporate share, overall corporate travel spend is expected to increase. Our most recent survey shows that 85 percent of corporate travel managers expect their spend will increase on Delta in 2014.”

Bastian added that Delta continues “gaining traction with our New York corporates” thanks to the antitrust-immunized joint venture with Virgin Atlantic, which officially began on Jan. 1.

Merchandizing is another area of revenue growth. During the March quarter, “products like Economy Comfort, First Class Upsell and priority boarding grew 20 percent year over year to \$165 million,” according to Bastian. “First Class Upsell helped increase our paid first-class load factor by 5 points to 45 percent. We think we can grow this high-margin revenue stream by \$500 million annually over the next three years.”

Overall, revenue trends stayed positive: Total passenger revenue increased 5 percent to \$7.7 billion, passenger yield (a representation of fare paid) inched up 1.3 percent, and passenger unit revenue improved by 3.2 percent.

Meanwhile, Southwest reported that its corporate revenue in the first quarter rose by double-digit percentages. Its overall passenger fare increased 3.1 percent from a year earlier to \$157. The carrier achieved “record” first-quarter net income of \$152 million. 

Q1 2014 U.S. Airlines Financial Performance						
	Net income (\$ million)		Passenger revenue (\$ billion)		Yield	Passenger unit revenue
	Q1 2014	Q1 2013	Q1 2014	vs Q1 2013	vs Q1 2013	vs Q1 2013
Alaska	\$94	\$37	\$1.0	+6.0%	+2.2%	+1.7%
American	\$480	(\$297)	\$8.7	+5.0%	+4.7%	+3.8%
Delta	\$213	\$206	\$7.7	+5.0%	+1.3%	+3.2%
JetBlue	\$4	\$14	\$1.2	+3.6%	+1.8%	+0.9%
Southwest	\$152	\$59	\$3.9	+2.5%	+0.7%	+3.5%
United	(\$609)	(\$417)	\$7.4	-2.3%	-2.0%	-2.0%

Source: Company reports Red indicates losses/declines

into early 2014, including year-over-year declines in key revenue metrics. Total passenger revenue slipped 2.3 percent in the quarter to \$7.4 billion.

To reverse the trend, the airline late last year implemented some “recalibrations” to its revenue management, but the moves evidently didn’t show the desired effect in the first quarter. That is starting to change, according to executives. “We are beginning to see encouraging signs from actions we have already taken, most readily apparent in our domestic entity,” Compton said. One such action is the change to revenue management techniques, including “taking fewer early bookings and reserving seats for later higher-yielding bookings.”

In another recent change, United

also noted a new effort to better match aircraft size to demand “closer to departure.”

## Delta: Travel Managers Expect Increased Spending

Delta Air Lines kept plugging away during the first quarter, achieving a modest improvement in net profits to \$213 million despite canceling 17,000 flights during January and February—about double the number of weather cancellations during all of 2013. The negative impact amounted to \$90 million in revenue and \$55 million in pre-tax income. “But for the weather, we would have had a \$500 million pre-tax profit in the seasonally most difficult quarter of the year,” CEO Richard Anderson told analysts and news media.

*Congratulations from Amadeus...*



**Scott Gutz**  
President & CEO  
Amadeus North America

Years ago, companies started to tackle one of their largest expenses: business travel. Therefore, corporate travel management focused primarily on expense cost cutting. But times have changed.

Today, business travelers drive the agenda, demanding flexibility, choice and instant response. They expect better offers, solutions and matches to their individual travel expectations. And the industry must find new approaches

to engaging the business traveler while staying diligent regarding safety and security.

As the landscape has evolved, so has Amadeus. Today we are developing and delivering traveler-centric trip management solutions that recognize the traveler and their requirements as the starting point. Our focus is to enable engagement of the traveler throughout the trip lifecycle while also delivering the

solutions travel management companies and corporations need to succeed.

At Amadeus, we continue to innovate toward the ultimate corporate travel trifecta: bringing benefit and value to travel management companies, corporations and travelers.

We congratulate *Business Travel News* on three great decades and look forward to helping shape the future of corporate travel in the years ahead.

ADVERTISEMENT



**AMADEUS**

# TSA: 40 Percent Of U.S. Travelers Now Get Expedited Airport Security Screening

BY JAY BOEHMER

FORTY PERCENT of the U.S. traveling public now passes through expedited airport security screening lanes, due in large part to the expansion of the PreCheck program, Transportation Security Administration administrator John Pistole said April 30 during a Senate committee hearing. Pistole predicted that a “majority” of passengers would benefit from expedited screening as TSA further expands PreCheck and other programs.

Winning favor among many frequent travelers, the PreCheck program allows “low-risk passengers,” in the words of Pistole, to pass through security checkpoints while leaving on their shoes, light outerwear and belts, and keeping laptops and allowable liquids in carry-on bags.

Noting that the goal of PreCheck is to “get people through in five minutes

or less,” Pistole said the lanes double hourly throughput compared with standard airport screening lanes.

Pistole recounted the program’s sustained growth since it first launched, noting that the program now is at 118 U.S. airports, represents 600 of TSA’s 2,200 screening lanes and continues to grow in terms of eligible passengers.

Pistole noted that only 300 of those lanes are full-time, with the other half designated as PreCheck during peak travel times.

Meanwhile, TSA in April welcomed Air Canada as its first international airline partner in PreCheck and indicated that it expects more to join.



TSA’s John Pistole

Once an invitation-only program for elite-level frequent flyers or members of other trusted-traveler programs, TSA last year enabled passengers to apply directly to participate, provided they pass a background check and pay a fee.

Pistole noted in prepared remarks that “more than 180,000 people have submitted applications at the 240-plus application centers nationwide.” And, in an exchange with senators, he noted that number is growing.

TSA has expanded access to expedited lanes to military personnel, “and in April of this year extended eligibility to all civilian employees of the Department of Defense,” according to Pistole. “TSA is currently

working with a number of other federal departments and agencies to include other lower-risk populations into TSA PreCheck.”

Counted in Pistole’s 40 percent figure, “numerous other risk-based changes are in effect nationwide, including expedited screening procedures for children 12 and under and adults 75 and older, airline pilots and flight attendants.”

Meanwhile, Pistole said that TSA uses “real-time and intelligence-based methods, such as Managed Inclusion and TSA PreCheck Risk Assessments to identify additional passengers eligible for expedited physical screening on a trip-by-trip basis.”

Pistole previously revealed a target to have 50 percent of the traveling public passing through expedited security-screening lanes by the end of 2014. [▶](#)

## NEWSLOG

### Lufthansa Levying Fees On Some Long-Haul Seat Selection

Lufthansa last month began charging €25 for advance seat selection for long-haul passengers ticketed in certain economy classes. The charge applies to those selecting seats who have booked in W, S, T, L and K classes. The airline in November began levying a €10 fee for advance seat selection on short-haul flights. Lufthansa does not charge for seat selection within 23 hours of departure and waives the fee for elite-level members of its loyalty program.

### JetBlue Pilots To Unionize

The Air Line Pilots Association last month confirmed that JetBlue Airways pilots voted to unionize. Citing results tabulated by the National Mediation Board, ALPA said 71 percent of the carrier’s more than 2,600 pilots

approved representation. It’s the first successful unionization effort by any major JetBlue employee group.

### US Airways Joins Venture

US Airways joined the antitrust-immune transatlantic joint venture that includes merger partner American Airlines, British Airways, Iberia and Finnair. As anticipated, US Airways, which in March officially left Star Alliance for Oneworld, now will cooperate with its partners on network planning, pricing, revenue sharing and joint corporate contracting. “US Airways brings 28 transatlantic routes to the joint business including nonstop service from the United States to 18 European destinations, including Munich, Athens and Amsterdam,” according to the an-

nouncement. Purported benefits of US Airways’ participation in the joint venture include “more attractive corporate sales programs,” according to the announcement.

### Premium Air Growth Slows

The number of international airline passengers flying in premium classes in February rose 4.1 percent year over year, the smallest growth rate since September 2013, according to the International Air Transport Association. On North Atlantic and intra-North America routes, the increases were 3.8 percent and 2.6 percent, respectively, both down compared to growth reported for January. Regarding the North Atlantic, IATA noted performance “is consistent with

improving business conditions in the U.S. and Europe,” and added that “momentum in advanced economies has helped negate some of the slowdown in emerging market growth seen over recent months.” Overall, the association said the outlook for premium travel “is broadly positive,” although March data indicates that global economic growth has slowed.

### Fronier Taps Biffle

Frontier Airlines appointed as president industry veteran Barry Biffle, effective July 16. Biffle, who most recently served as CEO of South American low-cost carrier VivaColombia, following earlier roles at Spirit Airlines, US Airways and AMR Corp., will report to CEO David Siegel.

## To the Voice of the Industry



**Bob Somers**  
Vice President – Global Sales  
Delta Air Lines

In the 30 years I have been with Delta, there have been many highlights and challenges, but a focus that has remained constant is our commitment to building our business around the needs of our customers.

One of the greatest advancements has been the growth of Delta’s network, fueled by strategic partnerships, joint ventures and the SkyTeam alliance.

Keeping our customers’ experience top of mind, Delta has invested billions

of dollars in new and enhanced global products, services, airport facilities and technology. Key innovations for the business traveler include the evolution of the SkyMiles program and BusinessElite experience, along with the launch of airport kiosks and delta.com functionality for check-in, baggage tracking and more.

Delta has also evolved its sales strategy to deliver consultative services and tailored solutions to our travel professional partners.

This includes introducing corporate sales agreements, leading several initiatives to help build the framework for managed travel relationships, launching Sky Partner Reports and expanding our Sales Support Center services to become a 24/7 operation.

As we look ahead to the next 30 years, we will continue to listen to what our customers tell us is important to them—and we will rely on *Business Travel News* to reflect the voices of our industry.

ADVERTISEMENT



# Certain Integrates 'Interest Intelligence' To Enhance Meetings Marketing Leads

BY SARAH BEAUCHAMP

MEETINGS SERVE not only to generate ideas, but sometimes revenue. Increasingly, live events are used to market brands and sell products. A 2014 Forrester Research report concluded that, on average, 20 percent of marketers' budgets now is committed to live events. However, although live events seem like fertile ground for sales leads, according to a 2012 MarketingSherpa study, 79 percent of all marketing leads, virtual or in-person, never convert into sales.

In order to help marketers better nurture leads gained at in-person meetings, event management platform provider Certain Inc. this year announced the integration of "interest intelligence" and attendee engagement tools with its marketing automation systems, thereby providing marketers with more in-depth views of attendees' interests, and resulting in more tailored followups.

"For marketing people, events can be a black hole," said Certain global vice president of marketing Betsy Zikakis. "They invite people to come to events, then people come, and it's hard for marketers to drive what people are doing," Zikakis said. "At the end of the event, they don't know what happened. There's a lot of behavioral data that, if transferred and put in a format salespeople would understand, provides a lot of insights."

Certain's interest intelligence tools allow companies to tag each event activity with specific, customized areas of interest in order to determine how engaged an attendee is in a particular area. "There's too much data, so we say, 'Let marketers define interest,'" Zikakis said.

Delegates also can rate sessions and answer polls, augmenting their attendee profiles and allowing organizations better to gauge their interests. Attendee registration information is imported into Certain's meetings management system, and event organizers can

"use that data throughout the event," Zikakis said. "It's more likely that attendees will be truthful in their profile data, so it's helpful to use that data to recommend what sessions they should go to."

After each event, Certain sends the host company any new data concerning delegates' demographic or firmographic information. "We also send back some basic engagement statistics,"

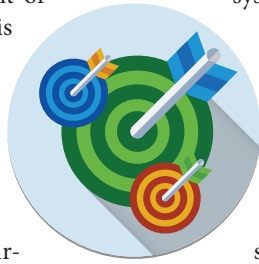
Zikakis said, "such as how many sessions attendees registered for and how many they actually attended, what their average rating was, if the sessions met their needs, and how many appointments they had." This information is intended to improve lead intelligence and help companies tailor communications to each specific attendee. Companies also can integrate Google Analytics into Certain's event sites or mobile apps to track how many times attendees visited various pages. Certain hopes to add social media engagement tracking tools in the future as well.

"The most interesting piece [of interest intelligence technology] is to be able to track the sessions attendees registered for and attended, and transfer that into different interest scores,"

Zikakis said. If an engagement score is high enough, the delegate's profile is sent to Salesforce, so marketers can reach out with information specifically geared toward that attendee, "without being overwhelming," Zikakis said.

Certain recently worked with a company hosting a 4,000-person event with 80 education sessions, resulting in about 32,000 data items for marketers. "It's overwhelming for a marketer to deal with," Zikakis said. "By transforming all that detailed data into actionable intelligence, they can now take action on these scores."

Currently, the interest intelligence technology is included with use of Certain's event application programming interface for \$2,500, but "it may not always stay that way," Zikakis said. [▶](#)



## Lanyon Plans Cloud Integration Of Passkey's GroupMax

BY SARAH BEAUCHAMP

THE INCORPORATION of Passkey's GroupMax booking technology into Lanyon's Smart Events Cloud will allow the hospitality and meetings technology provider to offer a "ubiquitous platform" that enables integrated management of meetings and hotel room blocks, Lanyon officials said this month.

Lanyon, which last month acquired Passkey for an undisclosed sum, plans to integrate GroupMax into its cloud offering during the next year, said Lanyon president JR Sherman. Lanyon's Smart Events Cloud, launched last year before Lanyon merged with The Active Network's Business Solutions division, provides cloud-based strategic meetings management and event marketing solutions.

"Passkey is a great fit for our strategy," Sherman said. "We currently



Lanyon's JR Sherman

completed and released phase two of our Smart Events Cloud. This includes the coming together of SMM tools, marketing and engagement tools, and everything associated with our conference platform."

Passkey, one of the few meetings technology suppliers born during the

late 1990s boom that until now remained a standalone company, had carved an industry niche in group attendee reservation management. Passkey's tools will enable Lanyon to consolidate the number of platforms utilized, Sherman said, creating a "ubiquitous platform" that's easy to use and gives meeting managers one place to go to manage attendee room blocks and registration systems.

GroupMax pricing "for the foreseeable future is staying the same," Sherman said, but noted that once the product is fully rolled into the Smart Events Cloud, pricing may change.

The company also plans to maintain Passkey's office in Waltham, Mass. "There are no plans for any cuts," Sherman said. "There may be changes down the line at the executive level, but our goal is to leverage all of Passkey's talent." [▶](#)

### To A Fellow Pioneer



Paul G. Hoffmann  
Founder & CEO  
eCommission Solutions

ECS has been a pioneer and thought leader in data consolidation, commission recovery and payment reconciliation for TMCs and CTDs since its inception in 2006. The Company was formed to solve for the inefficiencies in hotel commission recovery and has since evolved to solve for the vast data consolidation and data integrity issues TMCs face with all non-ARC transactions. ECS is always innovating and two major innovations have transformed

and positively impacted the industry most: ECS was the first to capture and use GDS, "point of sale" booking data, merging it with IAR and payment data into the recovery and reconciliation process. This innovation has significantly increased commission recovery rates and generated pure incremental revenue from commissions that would have otherwise gone uncollected as most TMCs didn't know they were missing.

ECS has also led the industry with its comprehensive reporting and analytics platform which has become an essential component of our offering. Reporting and the associated analytics of this new data set has now become a key value add for our clients. Increasing revenue through recovery and data analytics. A New Generation.

We congratulate *Business Travel News* on its 30th Anniversary year!

ADVERTISEMENT



# DoubleDutch Adds Location-Based Tech

BY SARAH BEAUCHAMP

IN ORDER TO help meeting managers collect more precise data on the onsite behavior of delegates, event application and management software provider DoubleDutch has incorporated Apple's Bluetooth-based iBeacon technology into its event apps. iBeacon enables managers to pinpoint participating attendees' location within an event.

iBeacon works in a "radius format," which means meeting managers can set parameters for particular sessions or events, and collect data only on a particular delegate who steps within that radius. By leveraging these implicit interactions, organizations can "bolster data captured through social engagement and optimize their events like they would optimize a website," said DoubleDutch CEO Lawrence Coburn. Delegates will be counted only when they opt in to the program and enable their phones' Bluetooth, he said, so no one's behavior would be observed without his or her acknowledgement.

"It's a way to expand the data reach



beyond social engagement," Coburn said. DoubleDutch event apps include such social elements as activity feeds, likes, comments and leaderboards.

"All of these things are a means to an end. If the app feels social, then we can drive a lot of engagement and that's going to generate a lot of data," Coburn said.

DoubleDutch iBeacon event application features include Head Count, which identifies for meeting organizers the sessions attendees visit without requiring delegates to check in or fill out a survey, and Nearby Network, which allows delegates to connect with like-minded people in their vicinity. Within the app, attendees can follow or "bookmark"

people they are interested in meeting or tag particular interests and receive a list of all attendees with similar concentrations. The Nearby Network feature will send such attendees a push notification when they are within 15 meters.

Coburn stressed that when encouraging attendees to opt in to location-based apps, meeting managers should prioritize delegate experience, giving them something of value in exchange for data. "We need to make sure we take care of that data and don't use it in ways that are against their best interest," he said.

Another location-based feature in DoubleDutch's pipeline for development circumvents Wi-Fi, allowing attendees to share information with one another via Bluetooth alone, without an Internet connection. Eventually, DoubleDutch wants to provide a service similar to Google Now—an app that collects users' calendar, email and phone GPS information in order to make tailored recommendations—and suggest to attendees particular sessions, people and expo booths in real time. [▶](#)

## MPI Changes Plans For CMM Program After Member Backlash

BY SARAH BEAUCHAMP

MEETING Professionals International will make several changes to its controversial plans to alter its Certificate in Meeting Management accreditation program, according to an April 4 open letter from MPI CEO Paul Van Deventer. MPI, along with the Global Business Travel Association, its partner in this process, will keep the "Certificate in Meeting Management" title and alter the eligibility requirements for the program, according to the letter.

The changes come after the associations in December introduced the changes to its CMM program. Chief among the concerns of some CMM holders was that the program changes might weaken the caliber of the des-

ignation by lowering the experiential requirement from 10 to five years and by opening up eligibility to travel agents.

One protest was led by CMM holder Ann Rebentisch, strategic meetings and events manager at Handshake Events, and her LinkedIn group of more than 450 CMM-designated professionals.

In response to the backlash, Van Deventer released a video in January apologizing for not introducing the new program more effectively, and announcing several open forums meant to garner more feedback

concerning the program.

According to Van Deventer's letter, eligibility requirements for the CMM program will change to better align with MPI's Meeting and Business Event Competency Standards. Candidates now are required to have a minimum of seven years' experience in the meetings and events or business travel industry, and a minimum of three years of management experience, with two years of profit-and-loss responsibility. They also now will be required to provide a personal statement

and letter of recommendation from a colleague or supervisor.

CMM program participants now also will need to develop "a business case in which they must apply the course materials learned," Van Deventer wrote in the letter. These cases should reflect real-life situations and address actual, solvable challenges. All will be assessed based on standards of performance pre-established by CMM program faculty, according to the letter.

As of now, all professionals who have already achieved the CMM designation will retain the title, supported by both MPI and GBTA, and MPI will reissue new certificates to existing CMM designees with the correct Certificate in Meeting Management branding. [▶](#)



MPI's Van Deventer

*Congratulations from Lufthansa...*



**Donald Bunkenburg**  
Managing Director  
Corporate Sales & Regions  
North America  
Lufthansa German Airlines

Developing products and services that improve convenience for the corporate business traveler has always been a focus at Lufthansa. Star Alliance, the first truly global alliance network was launched in 1997 with the sole purpose of making life easier for the global "road warrior". Seamless connections between partner airlines, reciprocal status recognition among carriers and global lounge access were among the benefits. Star Alliance started with five

airlines and has now grown to 26 partners.

While global reach has been expanded by Star Alliance, Lufthansa also pioneered global reachability by being the first airline to provide broadband internet connectivity with the satellite based "FlyNet" product in 2003. In the meantime, business travelers can stay connected on nearly all of Lufthansa's flights.

The list goes on with phone apps that make information flow with travelers

easier, the First Class Terminal in Frankfurt and Lufthansa Private Jet service which expands our network to over 1,000 destinations in Europe. The introduction of our Premium Economy cabin and service concept this fall adds another innovation to ease corporate travel.

This year, Lufthansa celebrates its success along with our media partner *Business Travel News*. Kudos for 30 years of excellence in business travel reporting.

ADVERTISEMENT



## Interview: Ultramar CEO Peter Klebanow



**David Jonas: Over the years, what were the biggest challenges Ultramar faced?**

**Peter Klebanow:** First of all, one of my early goals was to take a very business-like approach to travel. That was my perception of what was missing and what we could do to be different. Travel

grew up as art rather than a science. Internationally, airfares were interpretative, and where people

were interested in going was dictated by trends and what other people were saying about those places. That was all good, but as the business matured and volumes grew for everyone, there was to some degree a void in not having people who really were running their travel companies in a businesslike way, the way it is required today.

One early, important discovery was the need for a good CFO in the business. For a lot of travel companies, that is secondary, or used to be. In a business like ours with lots of funds, lots of expenses and a slim margin, you really do need to have an effective CFO.

Another challenge, in any business but particularly in travel, and particularly for Ultramar in the earlier days, was the brand. In the corporate space, to pass the muster of CFOs, executive directors or CEOs, one needs to be a known quantity. In our earlier years

After a stint as a systems engineer at Electronic Data Systems in Dallas, **Peter Klebanow** in 1980 returned to New York to get into the family business, then called Ultramar Travel Bureau, established in the late 1940s by his father. “When I came into the company, we had maybe six or seven employees,” Klebanow said. (Today, it has about 300.) By 1994, Klebanow led the company and in 2004 became sole owner until Travel and Transport purchased Ultramar in 2012. Now, he’s planning to retire from the company at the end of this year. Klebanow said his exit from the travel agency business “is not about hanging up my hat but rather figuring out the next big thing for me.” To that end, next year he plans to head off to law school. But first, Klebanow last month spoke to *The Beat’s* David Jonas about his career, lessons learned and the future of corporate travel management companies. Excerpts follow.

we had the challenge of having a lot of capability and some really good references as customers, but [when] going in to make the pitch, sometimes there was hesitation due to the fact that they hadn’t heard of us. The way we overcame that was by the company we kept with our clients, and using that to establish ourselves in those industries where we were growing our business.

The other key area is technology. One of our greatest strengths as we built the business was our early and consistent investment in technology. I count my blessings in that some of our customers early on really pushed into the online world, much ahead of my competitors. We learned from those early online plays that even though the transaction fees were going to be less, and even though there was a big investment in surrounding that technology with our technology so that it’s seamless, it actually was not something to run from, but to embrace and get good at. That was a challenge that ultimately created our biggest opportunities.

**Jonas: Ultramar’s niches include law firms and fashion companies. How have services evolved to address that clientele?**

**Klebanow:** We had a great first law client, which was Cravath. They brought us in because they were having an issue with

data integrity, because law firms bill out 85 percent of their spend. They were not getting good data from their agency when they billed customers, which was embarrassing to them. We got the ear of senior management at Cravath and were able to demonstrate that we had a very good process to ensure that they were going to get pristine data and never be embarrassed again. We built a number of top 100 law firms based on that win. So we did create some special technologies for the law firms, including the data transfers, so they could effectively bill customers right away to get their money back for the travel, and deliver it in a fashion that front-ends right into their accounts receivable.

The fashion industry is a bit different in that all the costs are borne by the firm, but what’s similar is they have a lot of talent—the creative people are rainmakers of sorts because it’s their designs that bring people to those fashion companies, and yet they have tons of different types of constituencies.

Our first win was Nautica, and that led to Tommy Hilfiger, Phillips-Van Heusen, Abercrombie, American Eagle, Aeropostale and down the line. We brought those folks guidance on running good programs. How do you know how you are performing? The best way is to be measured against your peers.

Most people cannot do that effectively because it involves a lot of detailed data that they don’t have access to. Because we handle such a large segment of that industry, we are able to really compare one program to another—of course, anonymously. In the fashion space we found a lot of ability to benchmark.

**Jonas: Back to technology: Ultramar has built a lot of its own, but not all of it. How do you assess building versus buying?**

**Klebanow:** Ultramar’s CIO, Thomas Chermack, has been here for 18 years and he has seen it all the way through. We made an early determination that the online booking tools were not something we were going to build, but rather build around. Those tools were very good at making the booking, but we noticed they didn’t take into account that online booking is only a portion of the much bigger process. The real value to customers comes not just from moving business online but by integrating all the different moving parts. That comes from customization and how the tools are implemented. We wanted to create an environment where, if someone booked online or booked offline, they would have a similar user experience and find the same things in both places.

CONTINUED ON PAGE 23

ORIGINALLY  
PUBLISHED IN  
the beat  
thebeat.travel

From Your Friends at South African Airways...

ADVERTISEMENT



**Todd Neuman**  
Vice President,  
Sales & Marketing  
South African Airways

Congratulations to *Business Travel News* on 30 years of coverage.

From an airline perspective, 30 years ago corporate discounting was largely limited to Fortune 100 companies and discounts were minimal. At that time, corporate travel managers had responsibility for negotiating preferred airline agreements that included discounts on selected routes and perhaps some upgrades, airport lounge access and

elevated frequent flyer status for key corporate executives. Today, these negotiation points are table stakes for any agreement as corporate travel managers forge sophisticated global agreements through airline alliance or joint-venture relationships and analyze the effects of ancillary fees, credit card merchant fees and TMC fees. Indeed, the scope of the travel manager’s expertise has expanded significantly—touching finance,

procurement, human resources, and even security. Travel managers and their corporations have pushed the industry to tighten processes and become much more sophisticated, and we have a stronger industry because of it.

All of these developments are shaping the business travel industry in Africa, as the continent emerges as a wellspring of opportunity for global companies—particularly in South Africa and Nigeria.



CONTINUED FROM PAGE 22

**Jonas: Since being acquired by Travel and Transport, we hear Ultramar's headcount has grown. Strictly a reflection of growth?**

**Klebanow:** Yeah, for the most part. We have been growing for years; that's why they were interested. Is some of the growth accretive to Travel and Transport? Yes, by association. Size does matter, and it helps us to be owned by a bigger firm with more resources, more resilience and more leverage. When we show our financials, it's a lot more impressive than it used to be—just pure girth. It's probably also true that we would have continued the growth had Travel and Transport not purchased us. The growth that we have had is pretty consistent with past growth.

**Jonas: Are there specific Travel and Transport tools or processes you see that can be or should be translated over to Ultramar?**

**Klebanow:** We spend a lot of time studying best practices both ways. We are both learning a lot about what makes the other successful. We are identifying certain things that each of us does uniquely well that we will

certainly lay plans for. Depending on what those things are, it will involve different types of development and investment. Some things are pretty easy. As one example, Travel and Transport has a very powerful incentive program and manages loyalty programs for some clients. Very strong stuff, and certainly stuff we can benefit from.

“The travel industry is not unique in terms of the margin compression that is going on in the world. It is certainly a big challenge to continue to find ways to reward your staff and at the same time deal with a declining transaction fee.”

**Jonas: Going with Travel and Transport ultimately meant switching agency networks to Radius from GlobalStar, where you had served as chairman. How do the two entities differ?**

**Klebanow:** Radius is a very well-funded organization and has a lot of breadth in terms of its management team and management structure. In that sense,

Radius has a powerful central organization and the resources at its disposal. At GlobalStar, because we had to be a bit more resourceful about expenses, the partners really did have to spend a lot of time together and get personally involved in the organization to make it successful. With that came a lot of relationship-building and the unique

opportunities that come with spending time with your partners. GlobalStar has some really great partners.


**Jonas: Looking back, what are some of the biggest lessons learned?**

**Klebanow:** Probably one of the biggest is the power of culture within an organization. Travel is people; people are

the assets in this business. We don't put a lot of pressure around profitability for clients in the hands of the people who have to deliver the service because we don't want them to compromise anything when it comes to satisfying the customer. That's a great relief for agents. Agents have a tough job; they have lots of volume and lots of challenges. To the extent that we are able to support them and that they can see we are about continuous improvement, that culture is really important. It's the reason why we retain employees and it's the reason, with all the growth we continue to have, that we are able to find employees. Clearly, culture and reputation are among the greatest lessons.

The second thing is that you constantly need to be looking ahead in terms of strategy, and that you have the right talent in the company to execute that strategy.

**Jonas: Looking ahead, what do you think are the biggest obstacles facing corporate TMCs?**

**Klebanow:** The travel industry is not unique in terms of the margin compression that is going on in the world. It is certainly a big challenge to continue to find ways to reward your staff and at the same time deal with a declining transaction fee. So one of the biggest challenges in the industry is that the work has not gotten a whole lot easier because there still is a lot of complexity in terms of how we implement business, customize processes to make them valuable, negotiate, benchmark, etc. We try to give everyone our best, and that's tough against the backdrop of margin compression and transaction fee decline. Our answer to that is to use technology smartly to provide cost benefit, and make sure our VIP services are the best out there, and charge appropriately. Give what is needed and most appreciated in the places it's most needed and most appreciated, and don't give it where it's not needed or appreciated. 

## Frontier Discontinues Contentious GDS-Only Fare Type

BY JAY BOEHMER

AS PART OF a fare restructuring, Frontier Airlines last month discontinued a contentious fare type that had been sold exclusively via third-party channels. Under the new “simplified” structure, the airline now is “offering only two types of fare options.”


Gone is Frontier's Basic fare, which was sold only through third parties and provided fewer benefits and levied higher change fees than the carrier's other fare types. While full-content agreements generally grant GDSs access to fares and inventory that contracted airlines sell via direct channels, the Basic fare tested whether airlines could sell via GDSs additional—or in the view of some, devalued—fare content.

Travelport contested Frontier's Basic fares when they became available in September 2012. At the time, Travelport in a memo to agency subscribers claimed the carrier's distribution changes—including “introducing new fares with more restrictions and withdrawing the ability to process seat selections” through Travelport's systems—“clearly conflict with Frontier obligations to Travelport.” The GDS operator threatened to terminate its deal with the airline.

Frontier now offers just Economy and Classic Plus fare types. A Frontier spokesperson confirmed that “both fares are made available to global distribution systems,” but added that its up to each GDS to determine “how they display fares.”

The lower-tier Economy fare “is now fully unbundled,” according to Frontier, “enabling customers to choose and pay for only the products they want to truly customize their flight.” Such fares include a carry-on bag fee.

Meanwhile, the airline's higher-priced Classic Plus fare includes “a fully refundable ticket, no change fees, extra leg room,” one free checked bag and a free carry-on bag.

The airline still provides select benefits to customers who book directly via its website, including “the lowest price for seat assignments and carry-on bags at the time of booking,” according to Frontier. Additionally, the spokesperson noted that the Frontier website remains “the only place you can select your seat at the time of booking.” 

### To Another 30 Years!



**Richard Sweet**  
Senior Director of Market  
Planning & Sales  
Southwest Airlines

In 1984, Southwest Airlines celebrated its 30<sup>th</sup> anniversary. Our core business was short haul, point-to-point high frequency business travel. Our customer offering focused on three areas: everyday low fares, outstanding customer service, and reliable air service. Today, everyday low fares, outstanding customer service, and safety continue to be the cornerstones of our brand; however, our business model has evolved to meet the ever-changing

environment of business travel.

Southwest's breadth of service has expanded to more than 90 destinations. We offer more business travel products and services (Business Select, Wi-Fi, Rapid Rewards A-List Status, etc.). We've expanded our distribution portfolio, and we've invested in a dedicated Corporate Sales Team to offer more solutions and customizable programs for the managed travel community.

This year is historic for Southwest Airlines and *Business Travel News!* Southwest will launch international service, complete the integration of AirTran into a larger Southwest and introduce a significant amount of new nonstop flights from Dallas Love Field. *Business Travel News* will celebrate 30 years of providing the corporate travel community with in-depth reporting. Congratulations, *BTN!*



ADVERTISEMENT

## Interview: Pegasus VP Of Distribution Strategy Linda Kent



**Michael B. Baker: What will be your focus in this position?**

**Linda Kent:** I'll be focusing on the distribution side: our connectivity, our content solutions and our business intelligence being the three main things, but there are a lot of things on the periphery that go with that.

It's facilitating connections for our hotel companies that we work with and our partners on the other side. It's a little like "The Dating Game." You get everybody together and make sure things are going to work out in the middle. We have sophisticated connectivity, but we have content solutions, which is the big differentiator. You can have the connection and you can send rates and availability, but if you can't facilitate the content along with that, it doesn't get you that far, so we have both pieces to work together. A big piece of the outcome, once we have folks connected, is that business intelligence. We have the historical and the forward-looking data. We see the results, the end booking, but to have insight into the shopping behavior—consumers in that channel—is monumental. If they're shopping my hotel hundreds and hundreds of times and I'm not seeing a booking, but my competitor is getting shopped less and booked more, it helps you understand

Pegasus Solutions in February hired hotel distribution veteran **Linda Kent** to lead its distribution strategies. Prior to joining Pegasus, Kent spent five years leading Wyndham Hotel Group's electronic distribution strategies, following a similar role with Starwood Hotels and Resorts for eight years and previous gigs with Sabre, Worldspan and Woodside Travel Management Systems. Kent spoke recently with *The Beat's* Michael B. Baker about her new position and the role of global distribution systems in a rapidly changing hotel distribution sphere.

what's going on in terms of whether my content is not up to snuff. Do I not have enough pictures? Am I not telling the story of the hotel? Is it overpriced? Then you can start digging deeper and looking for reasons and solutions to those reasons why you might not be getting your fair share.

**Baker: What are the implications for corporate travel in that regard?**

**Kent:** [We have] all the GDS traffic that goes through the switch, which is where you could look at what's coming through on the corporate entity. With forward-looking data, you can start to identify demand in a marketplace in the future and see whether you are getting your fair share of that demand. It's understanding demand, the source of booking and where the booking is going, and if you're spending anything on marketing, you can start to understand: "Am I wasting my time trying to get customers from South America? Should I do more marketing there?" It helps you get insights into where customers are coming from and where they are going. Is it realistic to think I'm going to get those bookings, and if it is, how am I going to target getting those, going through a corporate program or doing some sort of GDS marketing? There are so many ways to attack the problem.

**Baker: Will the GDSs continue to play a central role in hotel distribution?**

**Kent:** The foundation of your business is not sexy to talk about. Everybody wants to talk about social media and the websites, but the foundational business is so much the channels you take for granted. How many times do we hear the GDSs are going to go away? On the hotel side, they say, "Can't we shift this business somewhere else and get these people to book on [hotel websites]?" For them to book on that hotel company website, they would have to go shop every website out there. With the GDS, it's a fast way to look at car, hotel and air across every supplier on the planet. You can make your booking and get it into one PNR. Being on the hotel side after Sept. 11, people were panicking because they couldn't find where their [employees] were and came to us, the hotel companies, to try to run reports. If they didn't book under their negotiated rate, we didn't know they were a traveler with that company. Booking through the GDS is just as efficient; it's practical and it does all the things you want it to do.

**Baker: How should the GDSs adapt?**

**Kent:** One of the biggest things we talk about with the GDSs is content and relevancy. When you look at the screens, a lot of them are doing graphical products

now. How do you prioritize and get the right content out? Business travelers, a lot of the time, know the hotel and don't need to look at pictures. A lot is about location. It's applying balance of how you service the needs of the customer using that channel most effectively but get them all the information they need to make an informed booking.

**Baker: What are the challenges on the mobile side?**

**Kent:** How do you get content up to a channel with a small screen? It makes companies rethink their offerings in terms of how many rates they send. What's a relevant rate? In the hotel industry, folks are taking off the requirement for a credit card guarantee and holding the booking for a certain amount of hours. For a roadside hotel, somebody might be driving down the street with their mobile site looking at rates and availability, so can they hold it for X amount of time without a credit card and then automatically cancel? It makes you think differently about the content, the information, the rates that you're sending, the functionality around how those rates are going to get booked. On the distribution side at Pegasus, we need to keep up with all of that to make sure we're connecting partners in the mobile space, that we're making it effective for both sides of the equation to be able to book.

**Baker: What role does social media play in managing hotel distribution?**

**Kent:** It's balancing limited resources a lot of times in the whole equation, the hotel side and distribution side. If a hotel has any time to spend on things, spend it on responding to reviews and understanding what your customer is saying. Whether the review is good or bad, you need to respond to it, so customers feel they're engaged. On the hotel side, we really reinforced understanding what people are saying and responding to it, at a minimum. 🔄

ORIGINALLY  
PUBLISHED IN  
the beat  
thebeat.travel

*To Continued Excellence!*



**Ralph Kaiser**  
President & CEO  
UATP

Since 1984, when *Business Travel News* first published, UATP continues to grow its Network and provide state-of-the-art products and solutions to our corporate subscribers. Corporate travelers are connected to Issuers and Merchants around the globe, with the network growing each year.

UATP enhances the networks' offerings by strategically partnering to diversify payment acceptance to

include pre-paid cards, gift cards, and cash options—among many others. To fulfill the need for efficient and accurate travel management, UATP built the secure online data suite, DataStream and DataMine. DataStream is a sophisticated web-based billing system that simplifies the invoice process by organizing travel information on a centralized system and supports multiple languages and currencies.

DataMine provides travel managers with comprehensive transaction-level data in real time to track and analyze travel spend for better program productivity. UATP's innovative network provides unique solutions for busy corporate travelers year after year.

UATP congratulates *Business Travel News* on its commitment to excellence and wishes the publication much success in its next 30 years!

ADVERTISEMENT



**UATP**

## Growth Focus For New BCD Travel CEO Snyder

BY DAVID JONAS

BCD TRAVEL'S John Snyder on May 1 became the company's CEO. Formerly the travel management company's global president and COO, Snyder last month discussed the company's priorities, including new technologies, global expansion and talent management. Snyder replaced Joop Drechsel, who after six years at the helm will continue leading the larger BCD Group and working on a related venture capital company supporting emerging online players in travel and other industries. Mike Janssen added the COO title while retaining his duties as president of the Americas region.

Top of mind for Snyder is expanding the corporate TMC's global footprint. "We have customers moving into new and interesting markets so we'll be out in front of that," he said. That means being opportunistic on potential acquisitions; Snyder noted "several active discussions." He reiterated potential targets in corporate travel and perhaps more so on the meetings and incentive



BCD Travel's John Snyder

side, "which has not gone through a lot of consolidation or globalization."

BCD Travel's technology priorities this year relate to building out its mobile platform (now available in the United States and Canada, with French and German-language versions due this spring) and the Decision Source business intelligence platform. BCD also is keen to improve hotel attachment rates

(the percentage of air bookings that include a hotel booking), a traditional pain point in managed travel programs.

"Right now, agents don't have as broad access to the hotel inventory they really need," Snyder said. "The technology that we are in the process of building right now with a third party will give us much broader inventory access both for agents and for travelers when they are on the road."

Meanwhile, Snyder intends for BCD Travel to continue to emphasize talent management, a focus area since the travel agency formed an internal organization in 2011 to address the challenge.

"Every time I get a chance I want to talk about that," he said. "It's a critical issue in our industry, attracting new talent and keeping that talent. Senior leaders in the industry need to get passionate."

Drechsel said he'll remain "closely involved," in BCD Travel. He said he's learned that the TMC business is about satisfying customers and having "the commercial firepower and the ability to win new contracts, which we consistent-

ly have been doing."

With more of his attention on the BCD Group and its various interests, Drechsel is focused on growth. Travix, for example, plays on the consumer side of the online ticket business and manages a portfolio that includes CheapTickets, Vliegwinkel, BudgetAir and Vayama. It's present in 24 countries and growing quickly. Drechsel noted "some cooperation" between Travix and BCD Travel in the areas of hotel expertise, online ticketing and supplier relations.

Drechsel also will spend more time on Walvis Participaties, a venture capital company he started two years ago with BCD Group founder John Fentener van Vlissingen. "We invested in 10 companies, all online, some very much in the travel and entertainment space, some in very new areas," he said. "We are driving that further and further." Walvis has invested in Ingresso, described as "the global distribution system for entertainment"; online expense reporting system SRXP; and video collaboration developer Swyme. 

## ALITALIA – MAGNIFICA BUSINESS CLASS TO ROME & MILAN

Alitalia's Business Class cabin on intercontinental routes delivers maximum comfort and a sophisticated travel experience. B777 & A330 flights operate New York-JFK to Milan, and New York-JFK, Boston and Miami to Rome (seasonal route Los Angeles to Rome – May to October).

- Award-winning menus featuring Italian regional cuisine
- Salvatore Ferragamo amenity kit
- 180° flat-bed seats with massage function and privacy screen
- 15.4" LCD screens with on-demand audio/video
- PC power and USB ports
- Direct aisle access



For fare information visit [www.alitalia.com](http://www.alitalia.com) or contact your travel agent



# Interview: Shangri-La VP Of Sales And Marketing Marina Kleiman



**Business Travel News: What business trends are you seeing this year?**

**Marina Kleiman:** We see a positive trend this year, from meeting with our top banking and finance clients. Many things were delayed, like [initial public offerings], in previous years; you see a huge IPO rush now, so this will create more travel. Definitely we see a recovery. We're always looking for new business sources and to develop new clients, because there is a rate of attrition in very mature accounts. You cannot rely on existing business only, so from the corporate sector, we're looking for opportunities, and we have very energized and strategic teams located all over the world. We have seen growth in group business. In the first two months of this year, it's low double-digit growth, while transient programs are in single-digit growth.

**BTN: Have you been adding to your sales team?**

**Kleiman:** We have the same regional offices, but we have larger teams and more focused teams. In Dubai, we have more staff, and now more in India. We also have a very strong staff and a satellite office in New Delhi. In the U.S., so many people have home offices because it's so spread out. New York is our key office, and we have people working in so many different states. We continue adding where our needs are. If a travel manager has to deal with somebody who barks and doesn't answer emails, it doesn't matter how great your hotel is. The relationship starts from the moment we meet with our clients. This international team's task really is to make sure the experience starts from the moment we visit the offices. We never go empty-handed. We have the latest collateral and presentation updates to make sure we meet the clients'

*Hong Kong* – Luxury hotel company Shangri-La Hotels and Resorts is expanding rapidly in China, with more than a dozen hotels expected to open during the next few years. It also has properties under development in Europe, the Middle East and Africa. **Marina Kleiman**, Shangri-La's vice president of sales and marketing, last month spoke here with *BTN* lodging editor Michael B. Baker about Shangri-La's growth strategy and how expanding corporate travel within China will affect the company in the coming years.

expectations. The service doesn't begin when you check into a five-star hotel; it's when we step into your office.

**BTN: What's your growth outlook?**

**Kleiman:** We plan to have 100 hotels by 2015. We see huge potential for our openings in London, Nanjing and Tianjin. London is very important to us, because it's our third property in Europe, so corporate buyers based in Europe can understand the brand and experience it instead of having feedback from their travel managers in the region. We have announced Rome is in the pipeline. Nanjing and Tianjin are very important secondary and tertiary cities in China that support our primary market, and the price is almost at the same level. Corporate

world, our recognition is high. China is where we have almost 50 percent of our hotel inventory. Shangri-La is considered an Asian brand and known as a home away from home. That's why Shangri-La is so relevant to Asian travelers, because they know we have Mandarin-speaking staff and they can have congee for breakfast and all the basic things they need. We welcome all of our guests with hot tea, which is very Asian. We have fresh fruit in the rooms, and if you're a Golden Circle member you have amenity choices, like cookies and milk in the evening.

**BTN: To what level is Chinese business travel managed?**

**Kleiman:** China, to be honest, is still in the infancy stages of using travel

limitation we have. It's still very relevant in terms of being the finance center of Asia. China is taking more of a relevant position, and Shanghai has been a big center as well, but in Hong Kong, you cannot have enough great hotels because it is the stopover, and the taxation is very low, so everything makes sense to have business based here.

**BTN: What do corporate travelers demand from your hotels?**

**Kleiman:** They want connectivity—complimentary high-speed Internet. We give that. Despite the recovery, companies have learned to save in travel. Once you learn to cut fat, you don't go back to taking the whole buffet table. Complimentary Internet is a huge savings, because nobody travels with one gadget anymore, and when you go to hotels that don't have it, if you have three or four devices, you would need to pay for each one.

**BTN: What about the buyers?**

**Kleiman:** One of the key questions is about our [corporate social responsibility] initiatives and how these translate in what we do, how we operate and how we grow the communities in which we serve. We are very CSR-focused, so we have the answers to a huge number of questions. Even some finance clients are asking about our supply chain—not just what we do but whom we do business with. It really matters, especially for the people traveling, to whom it's important to have a moral and emotional connection with where they go. That's a huge adjustment as well, to make sure they understand. We always did a lot of CSR, but we never shared so much of what we are doing. Asian hospitality is usually very humble. Also, when we negotiate our pricing in this part of the world, it's so reasonable in terms of what you get for what you pay. It's a huge difference from Europe.

**BTN: What are the features of a Traders property versus a Shangri-La property?**

**Kleiman:** Traders is our four-star brand of the group, which is about getting the basics right. It's a vibrant brand. Traders in Kuala Lumpur is out of this world. At the Petronas Towers, we have a bar with a pool on the rooftop that is to die for. Some are more "wow" than others, but all of them are perfectly fine. At Traders the English level is great, it's neat, it's clean, there's complimentary high-speed Internet, there's fitness equipment and always a good location at a great price. 🌐

"[Corporate travelers] want connectivity—complimentary high-speed Internet. We give that. Despite the recovery, companies have learned to save in travel. Once you learn to cut fat, you don't go back to taking the whole buffet table."

travel continues to be project-driven, so if it's a specific project or a city that has a key industry, you will have a huge influx of business because of the practice and projects they have there.

**BTN: With China's business travel spending projected to outpace the United States within a few years, how big a role does Chinese corporate travel play for you?**

**Kleiman:** In the United States, we don't have so much exposure, in terms of having the property at your doorstep—we have properties in Toronto and Vancouver—but in this part of the

tools. Even the [request-for-proposals] tools are mostly manually negotiated on Excel sheets, and then it's loaded into the Lanyon system in the New York office. Different regions negotiate locally, and then we summarize all bids into Lanyon. In many cases, travel managers may not have access to Lanyon themselves.

**BTN: What's the outlook for your headquarters city?**

**Kleiman:** Hong Kong is the New York of Asia. It's very cosmopolitan. It has everything. It's very safe, and things are very practical. Space is the only

# Peninsula Targets Europe, Upgrades Tech

BY MICHAEL B. BAKER

*Hong Kong* – Luxury hotel brand Peninsula is entering the European market in August with a new Paris property as it enhances the technology offerings in some legacy hotels.

The Paris property will be Peninsula's 10th hotel worldwide. During the next several years, Peninsula also will develop hotels in Yangon, Myanmar—converting a colonial building that once was the headquarters of the Burma Railway Co.—and London, where “after many years of looking, we have an amazing central London site and are in the final stages of planning,” Peninsula vice president of marketing Robert Cheng told *BTN* last month at the company's flagship property here.

Considering that Peninsula's Hong Kong property opened in 1928, reaching a dozen hotels might seem like a slow path. However, Peninsula currently is in “a very focused and intense period of growth,” Cheng said.

Peninsula owns at least a portion of every hotel it operates, holding no management-only contracts, according to Cheng. While this model allows the brand to take a longer-term perspective in its development goals, it also makes development more laborious, he said.

“We're very selective with our locations in each of the cities, the sites and addresses, because when we open a hotel, we know it's for the long haul,” he said. “Paris is a beautiful heritage building we've meticulously restored and modernized.”

In addition to the new properties, Peninsula also is renovating the décor and technology at its Chicago property and plans to unveil in the last quarter of this year the first phase of the process. The company already has completed about \$60 million in upgrades at the Peninsula Hong Kong, which included technology featuring in-room tablets through which guests can control service and room functions.

Unlike many luxury brands, Peninsula's technology upgrades are not adding addi-

tional fees for travelers. Hotel Wi-Fi always has been free, and newer hotels with the proper infrastructure—including Hong Kong, following the

renovations—offer free long-distance calling via VOIP technology, Cheng said. The hotels are moving away from traditional business centers and

instead offer many of those functions, including printers and fax machines, in the room. “Corporate clients are wising up to all the hidden charges”

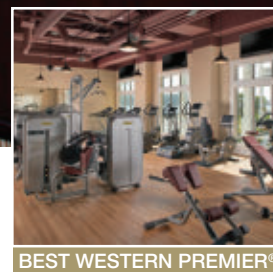
hotels sometimes levy, Cheng said. “When you are at a certain level of hotel, it's not very elegant to find different ways of charging your clients.”



BEST WESTERN®



BEST WESTERN PLUS®



BEST WESTERN PREMIER®

## A Hotel for Every Business Need.

At every Best Western®, travelers will find people who care about their business needs. They will discover amenities to stay productive on the road, including free high-speed Internet\* and breakfast available at all locations. With more than 4,000 hotels worldwide\*\*, finding the right hotel for business is now easier than ever.

Stay with people who care.®



GDS code: BW  
[bestwestern.com](http://bestwestern.com) | 1-800-WESTERN

\*Some amenities not available at all locations. \*\*Numbers are approximate and can fluctuate. Best Western and Best Western marks are service marks or registered service marks of Best Western International, Inc. ©2014 Best Western International, Inc. All rights reserved. Each Best Western® branded hotel is independently owned and operated.

# Interview: Oakwood Worldwide President Ric Villarreal



Corporate housing supplier Oakwood Worldwide in recent years has expanded its global footprint not only through the growth of its own brand but also through its 2012 acquisition of Marriott International's ExecuStay brand. Oakwood president **Ric Villarreal** spoke recently with *Business Travel News* lodging editor Michael B. Baker about Oakwood's growth plan, recent changes to its sales structure and initiatives related to booking technology and duty of care.

**Business Travel News: How is 2014 shaping up for the corporate housing industry so far?**

**Ric Villarreal:** Now that we're slowly getting out of the recession, we're looking for a magnificent 2014 and beyond. We see the industry beginning to loosen up investment. Our technology company clients are [having] fewer cancellations in the first quarter than they saw for the last three years. We see indications almost as a leading indicator for Oakwood that business is going to start cautiously growing and investing this year.

**BTN: What is your current sales strategy?**

**Villarreal:** There are still some companies that don't know what corporate housing and serviced apartments are, and that's a driving force for us. Almost a year ago, we structured our entire sales force to focus differently on our clients. We've bifurcated our

sales force where one part is driving local sales. [Another focuses] on those larger clients with bigger needs, more analytics and bigger volume who require a more sophisticated strategic approach. Along with our 43 district offices throughout this country, we have close partnerships with our sales organization that understands the marketplace, where the operator understands the inventory market. That intimate knowledge of locations allows us to have better solutions to get the guest in the unit and settled and productive as soon as possible.

**BTN: What are Oakwood's plans for unit growth?**

**Villarreal:** We're going to continue to drive our supply chain partners very hard all over the world. If we look at our organization in Asia, we've had a team there now for several years, but for the last couple of years, we've

put a vice president in that location and a team of almost 50 people. That resembles what we have right now in the U.K. We're looking in Asia to expand the supply chain but also we're going to go into an accelerated mode of investing in and managing more of the Oakwood product in the region. That is also a strategy we're going to do here in the United States. Now that the apartment market is beginning to loosen up a little bit to some extent, it's a good opportunity for Oakwood to invest in acquiring or building Oakwoods. We're very strong in the U.S. and Canada. The energy sector is really exploding, so we see lots of growth in Texas and some northern states like Montana and Wyoming, where you're seeing a lot more oil exploration. We've had heavy demand to fulfill in markets like Houston and Dallas that have a lot of infrastructure and engineering

CONTINUED ON PAGE 29

## Oakwood Outlines Joint-Venture Development Plans

Oakwood Worldwide plans to aggressively expand the serviced apartment model in the United States through its newly formed joint venture with Singapore-based real estate developer Mapletree, according to Oakwood CFO Bill Foltz.

Through the deal, of which Foltz was the architect, Mapletree is buying and developing about \$4 billion worth of serviced apartment inventory over the next five years for Oakwood as it acquires a 49 percent stake in Oakwood Asia Pacific, the company's business division in the region. That \$4 billion in development will be split about 50-50 between serviced apartments in the United States and the rest of the world, particularly Asia and Europe, Foltz said.

While long-term corporate housing certainly is a mature industry in the United States, the concept of serviced apartment buildings—apartments that usually include full concierge services, a front desk and restaurant facilities—is not as common, according to Foltz.

"It's well accepted in Asia and Europe, but in the United

States, typically corporate travelers use a more conventional apartment that we refurnish and repurpose," he said. "We do anticipate development in the States will be more in the pure serviced apartment model, and it's certainly going to expand the brand very rapidly."

Oakwood and Mapletree estimate the deal will add more than 100 properties around the world, more than tripling Oakwood's number of branded buildings. Foltz said that number is "appropriately conservative" and would depend upon where exactly the buildings are added. Asian buildings tend to cost much more per unit compared with U.S. buildings, he explained.

Mapletree, meanwhile, had been quite eager to expand into the United States, and Oakwood was "a natural partner, because no one is bigger than us in the corporate housing world," Foltz said. "Not having a presence in the United States, they needed a partner intimate with the space."

— Michael B. Baker

**LOUIS MAGLIARO**, Group Publisher  
(973) 769-0028 lmagliaro@thebtngroup.com

**ANTHONY CARNEVALE**, Associate Publisher  
(201) 902-1976 acarnevale@thebtngroup.com

**EDIE GARFINKLE**, Advertising Director  
Tel: (720) 542-9371 Fax: (805) 832-6676  
egarfinkle@thebtngroup.com

**MARY ANN McNULTY**, Director, Content Solutions  
(630) 519-4510 mmculty@thebtngroup.com

**ELIZABETH WEST**, Executive Editor, Content Solutions  
(732) 494-1955 ewest@ntmlc.com

**MARIZA MOREIRA**, Graphic Design Lead  
(201) 902-1965 mmoreira@ntmlc.com

**ALICIA EVANKO-LEWIS**, Vice President Events,  
The BTN Group, Travel Weekly, PhocusWright  
(201) 902-1965 mmoreira@ntmlc.com

**TAHNEE PERRY**, Group Marketing Director  
(646) 380-6272 tperry@ntmlc.com

**LINDSAY STRAUB**, Marketing and Events Associate  
(646) 380-6274 lstraub@thebtngroup.com

**Hawaii**

**DEBBIE ANDERSON**, Destination Marketing Hawaii  
Tel: (808) 739-2200 Fax: (808) 739-2201

**Canada**

**CYNDY FLEMING**, Publicitas APR  
Tel: (416) 363-1388 Fax: (416) 363-2889

**Mexico**

**JUAN MARTINEZ DUGAY,**  
**PALOMA MARTINEZ**, Towmar  
(011) 52-55 2122-3900  
jmdugay@towmar.com  
pmartinez@towmar.com

**Japan**

**MICHIKO KAWANO**, Pacific Business Inc.  
kawano-pbi@gol.com

**Korea**

**JUNG WON SUH**, Singesi Media  
Tel: 82-2-3275-5969 Fax: 82-2-785-8225

**Singapore**

**LAVENDER TAN**, AL Media  
Tel: (65) 9752 8613 Fax: 65-6469-8028  
e-mail: lavtan@singnet.com.sg



100 Lighting Way  
Secaucus, NJ 07094  
www.northstartravelmedia.com

**Chairman and Chief Executive Officer**  
Thomas L. Kemp

**Chief Financial Officer**  
Lisa Cohen

**Executive Vice President/Travel Group**  
Robert G. Sullivan

**Executive Vice President, Digital Media**  
Thomas Cintorino

**Senior Vice President/Group Publisher**  
Bernard Schraer

**Senior Vice President/Editorial Director**  
Lori Cioffi

**Senior Vice President/Editorial Director**  
Arnie Weissmann

**Senior Vice President, Human Resources**  
Janine L. Bavoso

**Vice President, Marketing Solutions**  
Michelle Rosenberg

**Vice President, Content Licensing**  
Sheila Rice

**Vice President, Product Development and Production**  
Roberta Muller

**Vice President, IT Infrastructure and Operations**  
Richard Mastropietro

**Vice President, Database Products**  
Elizabeth Koesser

CONTINUED FROM PAGE 28 consultant business. We know there is value in partnering with apartment owners, to acquire or manage buildings, and with our clients, who may need for us to lease to acquire an entire building and manage the process, so that we can offer year-round housing availability in certain high-demand locations.

**BTN: What about expansion on a global scale?**

**Villarreal:** The markets we're looking at are the emerging markets, China and India, and London and Germany. In the early '90s, Oakwood decided to go global. In Asia/Pacific, we established a business model in which Oakwood would manage and brand buildings through what are known in Asia as serviced apartments. That industry in Asia is very mature, and serviced apartments are almost a hotel-like experience, except with much larger units. Today, we have 28 buildings in Asia/Pacific as well as a pretty hefty supply chain in 70 countries where we're putting our clients in today. In the late '90s, we opened up our offices in the United Kingdom and really went in and pulled together that supply chain and supply-chain partnerships in Asia and the United Kingdom. We deployed leadership in London and over the last couple of years deployed leadership in Asia solely to manage that supply chain partnership that we have, and there's another complete infrastructure that manages and grows the buildings and those branded buildings.

**BTN: What benefits have you seen as a result of the ExecuStay acquisition?**

**Villarreal:** ExecuStay was one of those competitors we respected very much. Two years ago, we struck that possibility with Marriott. What came out of it was a very accretive business for us, with a business offering that puts us in place as the only corporate housing provider that offers Marriott Rewards points in our executive product, and also we're a preferred supplier of corpo-

rate housing for Marriott. We're both targeting clients and new client prospects and fulfilling their needs, using Marriott hotels as a primary source for our insurance business and interim business. If we don't have a long-term apartment ready, we try to go to Marriott first.

**BTN: What have you done on the booking side?**

**Villarreal:** Over the last couple of years, while the recession

our clients where Oakwood and all its supplier inventory are equally available as a choice. This new model allows us instantly to send booking requests in any single market with the client requirement and budget, with Oakwood participating at the same level as all the other suppliers.

**BTN: How has duty of care been a focus?**

**Villarreal:** As an industry, we're focused very much on crisis

ing to avoid issues or communicate to our clients and their employees much, much faster. It's on behalf of the guest and the client: things such as being aware of where every guest is at any one time. If a tsunami happens, it's being able to communicate to all those corporate clients and guests in three different ways—text, voicemail, email—so that we know they're secure, or also telling their companies that the building they were

**BTN: What sort of quality range does Oakwood's product cover?**

**Villarreal:** Sometimes it's a high-end home, a penthouse in New York or Los Angeles, where we provide on a consistent basis VIP service, all the way to the interns that are coming in from tech and traveling-nurse groups, who are looking at a more budget-conscious product. It depends on the market. In New York, you can't find enough great high-end apartments. In L.A., it's dominated by the entertainment industry. There are times when it's pilot season and you have to house hundreds of wannabe actors, and they don't have the budget and big incomes yet. In Asia, two-thirds of our buildings are in the five-star and six-star level and a third in the mid-range. All the other buildings we do business with go down to that budget level, being careful that if we get too far down the line then security becomes an issue, especially in certain countries. There's one thing we won't skimp on, and that's a level of service. Today's wannabe dot-com is tomorrow's Facebook. 🌐

Part of what we're doing right now is because we need to have an offering for our clients where Oakwood and all its supplier inventory are equally available as a choice.

was flattening us out, we went into investment mode, putting in a new booking system, an Oracle-based infrastructure we have for a reverse auction system. Part of what we're doing right now is because we need to have an offering for

reaction and crisis management. Since 2012, we started with an investment to really help us mobilize all the data and our experience and understand what it is to be preemptive, and to have systems and processes that were look-

in today is not involved in whatever the incident was. It's for us to get ahead of it and be prepared, and at the same time react with expertise to make sure we have the health and safety of our guests at the highest level.



WHEN YOU THINK NEW YORK CITY, THINK THE WILLIAM.

24 E 39TH STREET (BETWEEN PARK & MADISON AVENUES) NEW YORK, NY 10016  
855.NYC.WILL (855.692.9455) RESERVATIONS@THEWILLIAMNYC.COM  
FACEBOOK.COM/THEWILLIAMNYC @THEWILLIAMNYC WWW.THEWILLIAMNYC.COM



RECEIVE A 6 MONTH COMPLIMENTARY CORPORATE MEMBERSHIP TO THE WILLIAM PRIVATE CIRCLE WHEN BOOKING. GO TO [WWW.THEWILLIAMNYC.COM](http://WWW.THEWILLIAMNYC.COM), USE CODE "THECIRCLE1" TO REDEEM YOUR MEMBERSHIP AND CAPTURE MORE DETAILS. 🖱️

# European Parliament OKs Interchange Fee Cap

*MasterCard, Consultants Predict Upheaval If Adopted*

BY AMON COHEN

A SENIOR MasterCard executive warned that last month's approval by the European Parliament to include commercial cards in a cap on interchange fees could lead to as big a shake-up of travel management economics as the scrapping of agency airline commissions in the 1990s. Independent consultants told *BTN* that should the cap become law, it profoundly would affect corporate payments, including higher annual fees and/or less generous rebates for payment systems' larger clients.

Members of the European Parliament were not swayed by frantic late lobbying by "four-party" card schemes, which include MasterCard and Visa, and their issuing bank partners, to exempt commercial cards from a regulation capping fees at 0.3 percent for credit cards and 0.2 percent for debit cards. The European Commission last year recommended an exemption when drawing up the draft regulation, but the Parliament's Economic and Monetary Committee (ECON) unexpectedly removed the exemption in a February revision. Despite a European Commission representative again urging commercial card exemption during the preceding debate on April 2, MEPs voted to accept ECON's revised draft.

The Council of Ministers, representing individual European Union member states, must approve the regulation in tandem with Parliament before it becomes law. Although it has no formal powers of approval, the Commission will continue to offer its view during a process known as a trialogue. Both MasterCard and AirPlus International said a final decision could take another year or more.

The composition, and perhaps attitude, of the European Parliament will change following May elections, and current European Commissioners also are likely to be replaced by year-end.

For now, MasterCard will focus its lobbying on the Council of Ministers. "We are going to step up our outreach to potential decision-makers within the member states and explain how commercial cards are very different from consumer cards," said a spokesperson.

MasterCard and AirPlus in March each told *BTN* that a cap would stifle innovation and push up issuers' fees to corporate clients. Although not directly related to the European Parliament vote, AirPlus last month said that from May 1 it would push up annual fees to €39 from €15 for the 100,000 private cards



it provides corporate clients' employees. A spokesperson said the increase is in response to an agreement reached between Visa and the European Commission this year to cap its interchange fees at the same level as the regulation proposal voted for last month.

MasterCard and AirPlus also are unhappy about the regulation creating—in their opinion—an unlevel playing field between them and "three-party" schemes such as American Express. They believe three-party schemes would avoid the cap because their structure does not include an interchange fee between a cardholder's issuing bank and the merchant's acquiring bank. Instead, Amex usually charges a direct fee to the merchant. "We will continue to make the point that the European Commission must make an impact assessment and one of the issues for consideration should be regulating merchant rates," said MasterCard head of commercial products for Europe An-

drew Buckley. Amex declined to comment on last month's vote.

Speaking about the potential ramifications of the regulation, Buckley warned: "This is a similar shake-up to the ending of airline commissions. It has the potential to be that big. The travel industry needs to start thinking about it."

Jim Coufal, director of payment systems and expense management for TCG Consulting, believes three-party schemes would be affected by the proposed regulation even if not legally covered. "If the three-party model were not capped, it would make that product more expensive, so merchants would ask, 'Why should I pay more for this card?'" he said. "So they would have to reduce their fees anyway."

He added that Visa and MasterCard, in spite of enjoying much wider acceptance than three-party schemes, are far from universally accepted, especially in Eastern Europe, where interchange fees are much higher than in Western

Europe. "It should help merchants like boutique hotels in these markets to start accepting cards," Coufal said.

He also believes issuers would drop their fee waiver for larger corporate clients. "They may have to unbundle like the airlines and start charging for support services such as management information," Coufal said. He would also expect card issuers to scale down their investment in product innovation.

Coufal said another consequence may be issuers curtailing the rebates they pay (also known as revenue-sharing). PayTech Commercial partner and managing director Vincent Eavis shares that view. "The regulation largely would remove the potential for cash back either in the form of points for small businesses or rebates for large ones," Eavis said.

Eavis believes the regulation, if it comes to fruition, would lead to a major re-evaluation by large corporate clients of their payment processes. "It would force the answers to some questions which either have been avoided or just not thought about hard enough," he said. "Such questions include: How does payment by card stack up versus payment by methods such as check, wire and [Automated Clearing House]? What is the value of capturing a transaction on a card? Under what circumstances would we be prepared to pay for a card transaction? What if rebates were removed? If a client's case for using cards only rests on rebates, the changes would not bode so well. However, our data and research show that cards deliver much greater value in terms of process automation, compliance, reduced audit and vendor discounts." 🔄

## Concur Prepping Mileage Calculation App

BY AMON COHEN

CONCUR INTENDS TO release an app next quarter that will enable users to track vehicle mileage on their mobile devices and upload the data directly into their expense reports. Drivers activate the app at the start of their journey and deactivate it at the end, with their devices using GPS positioning to determine mileage and then automatically calculating the amount that can be reclaimed as expenses.

The as-yet-unnamed app is scheduled for initial launch in the United Kingdom, where the uploaded expense item also would be assessed for the relevant amount of value-added tax to be reclaimed. Concur executive vice pres-

ident and general manager for EMEA Scott Torrey told *BTN* the mileage app is among a raft of enhancements scheduled for the second quarter for Concur's U.K. product. Other new features will include the first launch outside the United States of ExpenseIt, an app that allows users to photograph images of receipts for automatic conversion into expense report line items. Torrey said 600 U.S. clients currently are using ExpenseIt.

A 15-year Concur veteran, Torrey last year relocated to the United Kingdom from the company's global headquarters in the United States. "Europe is getting a significantly disproportionate greater investment because we think there is plenty of opportunity to grow,"

said Torrey. "Asia and Europe have to become a bigger part of the story for us. We want to make the investment that will let Europe make a greater contribution to our growth." European investment will focus on the United Kingdom, France and Germany.

Meanwhile, when asked if Concur is working on improving its booking tool, Torrey replied: "There is no doubt our user interface is being invested in significantly. We are putting investment dollars into the booking tool to make it the best in the market but we also are putting dollars into bookings which we know aren't being made through that tool"—a reference to Concur's TripLink program. 🔄

# Christopherson Deploys Virtual Card To Simplify Hotel Reconciliation

BY JoANN DeLUNA

VIRTUAL CARD technology these days is making headlines around the payment sector, but Christopherson Business Travel has been using it for years. To help a client solve a unique challenge, the Salt Lake City-based travel management company developed the virtual HotelPrepaidLogic card, bringing automation to what had been a tedious, manual process.

CBT in 2009 secured trademark and patent approval for HotelPrepaidLogic, and in 2011 used it for longtime client CHG Healthcare Services, a medical staffing company.

“There were several problems,” said CBT CEO Mike Cameron. “CHG didn’t want travelers to use their personal credit card for hotel stays, as sometimes the stays were two to four weeks, which is expensive, and most [travelers] didn’t have the credit to pay on their personal credit card. So we had to find a solution to pay.”

## Payment Problems

CHG functions as a sort of temp agency of physicians and other healthcare providers who fill spots in hospitals on both temporary and permanent assignments across the country. Temporary stints can last from one week to several months. “A hospital will lose revenue if it doesn’t have a surgeon who [for example] goes on maternity leave, but it can’t [permanently] fill the position, so it brings in someone for three months,” explained CHG director of travel Kay-Lynne Reece.

Dependent on hospital needs, the number of CHG-hired doctors varies from year to year. In 2013, the company booked 27,000 hotel reservations totaling 167,000 room nights, according to Reece. CHG’s travel department under Reece consists of 18 booking agents, two managers and two supervisors. Arranging lodging, flights and car rentals for medical workers, the department is split between Utah (15 employees) and Florida (eight employees). Travelers are responsible for their meals.

Before HotelPrepaidLogic, CHG classified medical providers by groups or teams—emergency medical doctors, for example—and issued different American Express cards for each group. “Every time we had a doctor on the [emergency medical] team, we’d put his hotel charges on that card,” Reece explained. A travel agent then would fax to the hotel a credit card authoriza-



CBT's Mike Cameron

tion form, but sometimes the fax would get lost before the traveler arrived. In exposing such credit card information, the company also risked fraud.

After each trip, the CHG travel team compared travel itineraries to hotel folios to match the charges on the Amex bill to the traveler. The hotel folio then would be coded for each assignment by identifying the provider and hospital work site. It was a “very manual” and time-consuming process, according to Reece.

“They didn’t know who was staying in which hotels and would have to reconcile it,” Cameron explained. “So they asked us to solve it.”

About 65 percent to 70 percent of CHG’s transactions now are automated, according to Reece. “It helped with an enormous amount of manual hours and became such a seamless process,” she said.

## Enter Automation

CBT began developing the software in 2009 while working closely with CHG’s IT and accounting departments, as well as payment solutions company Wex (formerly Wright Express), to customize HotelPrepaidLogic to meet CHG’s particular needs, explained Cameron and Reece. Beta testing continued until the full rollout of the product in 2011. “We’d tell them exactly what we needed and [CBT] built it,” Reece said.

Wex provides the technology to create the one-time-use cards backed by MasterCard. CBT built the technology that allows CHG agents to reserve a hotel, request virtual cards from Wex by sending the reservation and create a digital copy of the front and back of the one-time-use card to be faxed to the hotel. Cameron explained that CBT also created the ability to fax the digital card at a pre-selected date. AirPlus also

issues Wex cards through HotelPrepaidLogic.

To implement the service, organizations first need to secure credit approval. Alternatively, clients can use HotelPrepaidLogic Lite, which uses a company’s existing central credit card but digitizes and automates the process of faxing the front and back of a card. “You can do the old version, but instead of filling out the form, making photocopies and faxing, our agents can send faxes digitally from the GDS,” Cameron said.

HotelPrepaidLogic integrates with global distribution systems Sabre and Travelport’s Apollo and Worldspan. (The latter of which is what accommodates CHG’s bookings.) A travel agent now can insert a traveler’s name and billing code when creating a one-time-use virtual card for the exact amount of a stay. The agent also includes extra for hotel taxes and some incidentals, explained Reece.

“All that manual coding goes right through with the charge,” Reece said. “Now what was once a manual process becomes an electronic process.”

HotelPrepaidLogic on the day a hotel is booked digitally faxes a copy of the one-time-use card to the hotel to hold the reservation, and then sends it

again on the check-in day. “The fax is ready and available for when [the traveler] checks in, showing the credit card and authorization from the company,” Reece said.

The technology can email a copy of the card, but that requires sending it to a particular email address, which can be tricky if there is no central email account, Cameron explained. It’s still more practical for hotels to have a main fax machine that all clerks can access at any given time, he said.

Although the card is a single-use card to be used for a single stay, it can be swiped multiple times. Reece explained that some hotels swipe cards each night, or when a traveler checks in and then again when he or she checks out. The card expires a few days after the traveler checks out, providing the hotel time to process the transaction.

About 65 percent to 70 percent of

CHG’s transactions now are automated, according to Reece. “It helped with an enormous amount of manual hours and became such a seamless process,” she said.

In addition to improving the reconciliation process, Reece said HotelPrepaidLogic cut card fraud by up to 80 percent. “We didn’t have a lot of fraud, but we did have a lot of open cards with unlimited value which we were exposed to, so our exposure is less,” Reece claimed.

The nature of CHG’s business—filling hospital spots around the country based on need—means it is difficult for the firm to predict hotel spend, thereby making it difficult to negotiate discounts. However, Reece said that since implementing HotelPrepaidLogic hotels have taken notice. “They’re seeing our credit card authorizations more and they’re calling us a bit more,” she said.

## Other Virtual Solutions, For Real

Other card issuers and networks offer similar virtual card solutions. AirPlus in 2006 and JPMorgan Chase in 2007 began offering the ability to produce cardless, one-time-use 16-digit numbers. U.K.-based Conferma developed technology to create virtual cards and in 2008 partnered with Barclays Bank to offer the product to its first client, multinational TMC ATPI. American Express, AirPlus, HSBC, U.S. Bank and Wex each subsequently have joined Conferma’s network. GDSs Sabre, Amadeus and Abacus, and travel technology provider KDS also have integrated with Conferma, and MasterCard and Visa Europe have signed distribution agreements with the company.

MasterCard in 2009 began providing clients the option to generate single-use account numbers through its inControl suite, after it acquired Ireland-based payment company Orbiscom. MasterCard in October 2013 announced it began piloting its own virtual card number technology and planned a full global release for early 2014.

UATP since 2009 has offered a single-use 16-digit virtual card through a partnership with eNett International. For its part, eNett (majority-owned by Travelport) has been reporting solid growth and plans to enter more markets. Utility for the corporate travel market improved last year when Travelport embedded eNett as a form of payment within the Smartpoint agency desktop application.

Outsourcing customer service and technical support company Sykes Enterprises began using U.S. Bank’s Travel Virtual Pay solution in July 2013. [▶](#)



# PLUGGING THE BREACH

*Recent violations of data security at major retailers raise concerns about travel industry vulnerabilities and strategies to limit them*

**By JoAnn DeLuna**

## The recent spate of high-profile credit card data breaches, most notably at retail giant Target, primarily has affected consumer cardholders. But business travel suppliers haven't been immune to similar breaches, to which such hotel companies as Wyndham and White Lodging could attest.

Travel managers, like consumers, to some extent must rely on faith that their suppliers are effectively thwarting any effort by scammers to swipe their travelers' data. But they do have some opportunity to require suppliers to clarify their plans, and can help themselves by ensuring their payment processes are as secure as possible.

"Data privacy is more than just credit card numbers that we need to be concerned about," said DHL category manager of travel services Michelle Hunt. "It involves phone numbers, access to emails and any personal information we provide through loyalty programs and to the hotelier making the reservation."

Even before the high-profile cases came to light, advertising holding company Interpublic Group already was in talks with its suppliers to ensure data-privacy policies were up to date to protect both intellectual and personal employee data. IPG also is requiring suppliers to indemnify the company with \$10 million in the case of a data breach, said Fran McClarnon, Interpublic Group executive director of global travel and corporate credit card services.

"Some vendors within the industry have not reached the point where they're worried about [data breaches] because they claim they haven't had any and don't expect to have a breach—but, of course, nobody ever knows," McClarnon said.

"It doesn't have to be malicious," she continued. "You only have to have one angry employee or an employee who doesn't do [his or her] job properly and sends the data to someone else. Whether it's a mistake or malicious, it doesn't make a difference once you've been affected."

McClarnon said data-infringement cases are complicated because all countries have different laws and requirements for data protection. A data breach can cost a company in the "high six figures," in addition to the cost of lawsuits and hiring companies that ensure employees' personal data are not used in fraudulent ways after a violation occurs. "It's a very complex subject," she said. "We're taking the stand that if you want to be one of our vendors, we have to be protected."

### CREDIT CARD FRAUD

Global credit, debit and prepaid card fraud losses in 2012 totaled \$11.27 billion, according to The Nilson Report's latest figures. Several banks, corporate card issuers and payment networks recently told *Business Travel News* that they continually monitor the payments landscape to prevent such breaches as well as to establish measures that control fraud and keep personal data secure. However, they declined to comment on specific efforts so as not to educate hackers on their initiatives.

"We normally never talk about whether or not

we have breaches, as we don't want to tip our hats to fraudsters," said Steve Pedersen, BMO vice president of corporate payment products for Canada and corporate cards for North America. "Those are all things we monitor vigorously and continuously as an institution."

A preliminary White Lodging investigation revealed that malicious software during the period of March 20 to Dec. 16 last year was used to steal credit and debit card information on point-of-sale terminals used at food and beverage outlets at 14 hotel brands, according to a February 2014 statement from the company.

Compromised hotel brands included Marriott, Holiday Inn, Sheraton, Westin, Renaissance and Radisson, from which stolen data contained such customer information as names, credit and debit card numbers, security codes and card expiration dates, according to White Lodging's statement. The investigation is ongoing, and White Lodging did not respond to a request for comment.

"[The White Lodging incident] is incredibly relevant and business travel could be affected," said John Buzzard, product manager for fraud banking at analytics software provider Fico. "On many occasions—my own included—you fly in to a remote location for a meeting, eat at the hotel or have a meeting in the lounge. What are the odds that business travelers were not affected?"

The U.S. Federal Trade Commission in 2012 filed a lawsuit against Wyndham Worldwide Corp. and three subsidiaries over the computer security lapses that allowed hackers to steal data on more than 619,000 consumer credit card accounts. Wyndham requested a case dismissal, but a U.S. district judge last month rejected the request.

As investigations continue, Buzzard said he wouldn't be surprised if investigators discover more affected organizations, and wondered whether all the incidents, including the Target and Neiman Marcus cases, were related.

"It feels like a full-on assault and rather extreme," Buzzard said. "I don't know if we'll finish the year with more revelations in terms of more data breaches, but it seems like such an evolving environment right now," he said.

### THE EVOLUTION OF FRAUD

In the late 1990s, the average age of credit card fraudsters was about 15, according to Dave Britton, vice president of industry solutions at online fraud prevention provider 41st Parameter. "They were mainly dumpster-diving for credit card numbers from receipts and then buying online," Britton said. "But now it's turned into highly industrialized organizations of fraudsters where

CONTINUED ON PAGE 34

CONTINUED FROM PAGE 33

different groups specialize in what they do.”

In the “fraudster underground” one group may be responsible solely for building malicious software (or malware), a different group will perform the attack, another group will purchase the data or act as an “underground broker” for the stolen data, while yet another group might be responsible for creating the counterfeit cards and transacting online, Britton explained.

Offenders typically aren’t based in the same country where the theft occurs and often operate in Eastern Europe or Southeast Asia, which further complicates tracking the perpetrators, according to Britton.

In such operations the stolen card numbers may not be used immediately, so a customer’s card may be compromised without the user realizing it, according to Volker Huber, then AirPlus executive director of marketing. (Huber since has departed AirPlus.)

From 2005 through 2014, 4,246 payment card fraud and hacking breaches have compromised more than 864 million data records, according to figures from Privacy Rights Clearinghouse.

“There’s a lot of data out there in the underground and it’s gotten cheaper to trade complete sets of privacy data, including card numbers, 3D Secure codes—they have it all,” said Britton. “Not all cards will be used, but the focus is on high-value payment cards.”

As corporate cards tend to have higher spending limits with “stranger spending patterns” than do consumer cards, “you can see why fraudsters might target those cards,” Britton said.

Typically, when a breach is discovered, the card immediately is closed and a new card is sent to the user. However, because replacement cards can cost between \$17 and \$25 each, Britton said card issuers don’t always “proactively reissue cards.”

“They could, but the costs would be so prohibitive,” Britton said. “So, they do what good managers do and balance the possibility of fraud or risk happening on cards with the cost of reissuing the entire batch.”

BMO’s Pederson said: “As an industry, we look at analytics and spend patterns, and when we start to see a pattern that looks incongruent, it triggers red flags.

“If we get suspicious of a breach we reach out to customers, and even if it’s not fraudulent activity we may still initiate a card replacement.”

Similarly, AirPlus also immediately closes and exchanges cards when it discovers a card has been compromised. “Even if there’s no fraud on the card, we want to make sure we have a clean card,” Huber said.

## THE CASE FOR EMV

Card issuers and payment networks have championed chip-and-PIN or EuroPay MasterCard Visa (EMV) technology as the primary solution to credit card fraud. These cards have embedded microchips that authenticate transactions and which users verify with personal identification numbers, making the transaction process more secure than with magnetic swipe cards.

While the United States is set to fully transition to chip-and-PIN cards by October 2015, other countries adopted the technology as early as 2001. Some U.S. banks began issuing chip-enabled cards in North America in 2011, but typically they only were issued to senior executives who frequently traveled overseas. In efforts to speed EMV adoption, Bank of America Merrill Lynch in April began issuing chip-and-PIN cards for all newly created corporate travel and expense

accounts, with existing cards set to be replaced with chip-and-PIN at the time of renewal.

AirPlus claims chip-and-PIN cards reduce its fraud by about 90 percent. “We previously were confronted with [fraud], and the first thing we did was introduce chip a few years ago,” said Huber. “Chip tremendously reduced fraud even when the data was hacked.”

## ONLINE PROTECTION NEEDED

While chip-and-PIN helps reduce in-person fraud, it consequently drives fraud online to so-called card-not-present transactions. CNP represented 23 percent of the United Kingdom’s 2007 card fraud volume, comprising skimmed and cloned cards, of £144.3 million (\$241.7 million), according to U.K. Card Association figures. While total U.K. card fraud by 2011 declined 70 percent to £42.1 million, CNP’s share spiked to 65 percent.

“In every country that has implemented chip technology, their counterfeit card [rate] drops, but the path of least resistance is online and it’s the only way fraudsters can get what they want and transact,” said Fico’s

Typically, when a breach is discovered, the card immediately is closed and a new card is sent to the user. However, because replacement cards can cost between \$17 and \$25 each, Britton said card issuers don’t always “proactively reissue cards.”

Buzzard. “The whole purpose of chip-and-PIN is to prevent a card-present customer in front of ATMs or retailers from a counterfeit purchase. Will chip-and-PIN stop fraud for card-not-present transactions? No, it won’t.”

Card transaction processor TSYS in a 2013 white paper suggested combining EMV technology with 3D Secure, a Visa-created technology that allows users to authenticate themselves for online purchases using three domains. Visa’s product is branded as Verified by Visa, while Secure Code and SafeKey are the MasterCard and American Express versions, respectively.

Before users complete an online purchase, the card network prompts them to enroll in 3D Secure by creating a password authentication. Enrolling is optional, but some merchants don’t allow customers to complete a purchase without enrolling. This extra protection has increased the abandonment rate for merchants, according to Britton. “Adoption rates [of 3D Secure] are so low, and it has not proved to be useful,” he said.

That consumers aren’t liable for online card losses is a major reason 3D Secure adoption rates are so low, according to Britton. In North America and Europe, issuers are liable for fraud loss in card-present transactions, while merchants are liable in CNP transactions, Britton explained. “As a consumer, you’re not liable for card loss either way and are perfectly protected, so why should we bother with extra hurdles?” he said.

## LIABILITY

Although consumers are protected, corporations typically become liable in cases of employee misuse,

which DHL defines as employees using a corporate card for unauthorized or personal purposes, or any purpose that violates a company’s policy. Fraud is classified as someone other than the cardholder unlawfully obtaining the credit card or credit card number without authorization.

“Most (theft) instances on company card programs are not fraudulent use—it’s misuse by the employee,” DHL’s Hunt said. “Travel managers need to query suppliers during the RFP process to ask about misuse and what coverage card providers have [for] employees in those situations.”

While corporations typically are responsible for charges in such situations, some card issuers will assume some or all liability if the organization fulfills certain requirements, such as reporting the incident within a specified time frame and terminating the offending employee, Hunt explained.

Additionally, travel managers should remember that merchants are also customers of payment networks, so the networks have a stake in protecting the merchants. “We had a situation where a person was misusing the card and we tried to do something about it, but the credit card protected the merchant,” Hunt said. “That’s very frustrating in a managed card program where we’re doing everything we can and the card company is allowing things to happen that we didn’t authorize.”

Pairing a card program with an automated expense system also helps prevent employee misuse, as employees have to report and classify every expense.

## OTHER MEASURES

Unlike consumer credit cards, corporate T&E cards can have additional features to help organizations manage card usage. Depending on the card provider, program administrators can switch off usage for specific geographies, types of merchants and cash advances.

However, restricting individual merchants is limited by the classification of merchant categorization codes, according to Hunt. Although companies can restrict, say, retail purchases by turning off that merchant code, Hunt said some merchants register under any category they choose, and a single company can sign up for multiple codes. For example, DHL uses a European airline that is listed as retail.

“At least once every quarter I have one person who tries to buy a ticket and is declined,” Hunt said. “It makes it more complicated than it should be to manage a corporate card program.”

As with consumer cards, business travelers also can set personal preferences to receive alerts for large purchases or card-not-present transactions, among others. However, Buzzard cautioned against setting so many alerts that they become spam and results in travelers ignoring them. “It’s important for business travelers to sit and question themselves on how they typically use the card and they want to construct alerts based on that,” Buzzard advised. Travelers also should avoid using cards at questionable establishments.

Huber advises program managers to match card limits to the amount of traveling employees do—the less travel, the lower the limit. That way, even if a breach happens on a card for less-frequent travelers, the damage won’t be extensive.

Prepaid and virtual one-time-use cards are other alternatives to credit cards: They limit the incidents of credit card fraud by allowing managers to add specific amounts of funds to the cards. 🔄



# A NEW network of women and men supporting women in travel



“There are associations and groups out there that make our **industry** better. WINiT was created in order to make the **people** in our industry better.”

*WINiT Sponsorship and Fund Development Chair; Director, Global Travel GPO/Executive Travel Services, Oracle Corporation, Rita Visser*

WINiT was founded by Michelle “Mick” Lee in 2014 to support the career development, promotion and visibility of women in the travel industry. The nonprofit organization is unique from other women support groups:

- > WINiT is a network of women AND men working together
- > WINiT is focused on professional development
- > WINiT complements existing associations
- > WINiT programs have been recognized for the ability to transcend industries which resulted in a membership with the Clinton Global Initiative (CGI)

## Learn

Learn more about WINiT: watch our kickoff webinar



(See our LinkedIn Group)

## Join

Join the WINiT LinkedIn Group to get updates and share your ideas!

WINiT-WomenIn Travel



## Voice

Have a voice in how we structure our organization and services:

[https://www.surveymonkey.com/s/WINiT\\_Input\\_Survey](https://www.surveymonkey.com/s/WINiT_Input_Survey)

## Date

**SAVE THE DATE 7/26/14**  
9 am - 3 pm  
Attend our launch event in Los Angeles at the Westin Bonaventure Hotel with exciting speakers, panels and educational sessions. For more info join our LinkedIn Group.

## Sponsor

Become a sponsor of WINiT  
Contact: [Info@WomenInTravel.org](mailto:Info@WomenInTravel.org)





# It's Not Over 'Til It's Over: Conducting A Post-Event Assessment

By Kim Holste

Director of Conference and Meeting Services  
metroConnections

**Y**OUR EVENT IS OVER. Everyone has gone home and you are thankful for the chance to catch your breath. In fact, the last thing you want to do is even think about the event. However, we all recognize that there is an enormous benefit to conducting a staff debrief, as well as gaining feedback from and following up with all attendees. But, how do you do it in an inviting and non-harassing manner? Implementing a few best practices will not only help you maintain your enthusiasm, but build energy for the next event.

## Learn And Debrief

It is no surprise that the first activity after your conference or meeting should be a debrief with the meeting team. Those included in the session should be the planning team as well as vendors that played key roles in the program. Spend time not only discussing what didn't work but also how the planning and budgeting process can be improved. Keep the meeting focused and on task. If you find the discussion focusing on any particular item for too long, offer a solution and move on. Help guide the discussion to ensure time is spent on reviewing the key elements of the program, from registration to tear-down, and allot some time for brainstorming to discuss ways that each element could have been better. Be sure to document all of the identified areas of improvement while the thoughts are still fresh.

It is important to hold a separate debrief with management to get feedback, as their view of the program will be different than that of those who planned the event. Since management should have had an instrumental role in either setting or approving the event objective, it is crucial to get their evaluation on whether the company goals and messaging were delivered.

Similarly, sponsors and/or exhibitors should be polled to find out if the event was worth their investment and if they

have any suggestions for the future. Questions to consider asking the latter group include:

- Did the right mix of decision-makers attend the event?
- Were the location and hours of the event suitable to meet objectives?
- Would they attend again?
- Did the event venue provide appropriate sponsorship recognition (signage, on-stage recognition, etc.)?
- Was there value in the available networking opportunities?

## Attendee Assessment

The process of establishing best practices and learning from mistakes so you can improve on the next event should also involve input from attendees. Such input typically comes in the form of a survey, either onsite or after the event. An onsite survey occurs during the event and should measure session, class and presenter content. The onsite survey is very specific to the kind of content that the attendee engages in and, in most cases, focuses a great deal on speaker and educational content.

Most find it beneficial to have the survey already distributed and on the table or work station so attendees can fill it out when they have time, during a break or even during the session. Enlist the speaker in encouraging the attendees to fill out the survey, and then collect it as they leave the room as well as have a box at the hospitality desk for returning it. If attendees are using a mobile app, be sure to remind them to go online and fill out the session survey. You won't get everyone to participate, but if you remind attendees how important their participation is and make it easy for them to complete, you will likely im-

prove your survey response rate.

Although you want to gain input on a wide variety of topics, it is essential to keep the survey short and to the point. If at all possible, limit the questions to as few as five and make it simple and quick to fill out—ideally less than a minute.

The broader post-event survey typically is more general in nature and relates to the attendees' overall experience. It is appropriate to ask about educational content in the post-event survey as well. For example, if it was a training event, did attendees feel like they received adequate education? Typical areas to explore in the survey include:

- **Goal:** Were objectives for the session met?
- **Educational sessions:** Were they as advertised? Were the speakers credible? Engaging? Did the speakers handle the topics in the right amount of detail?
- **Networking:** Were there ample time and appropriate venues for networking and collaborating? What can be improved or added to the program?
- **Logistics:** Review the registration process, event communications, accommodations, food and beverage, facility, cost, room temperature, etc.

## Putting The Data To Use

Once the feedback is gathered from all the various sources, it should be inputted and analyzed so final results can be evaluated. This information should then be saved and referred to during future event planning processes. Final assessments should be distributed to management, key vendors and employees who are part of the planning team.


The survey process is not only a chance to get feedback related to marketing initiatives, it also can serve as a

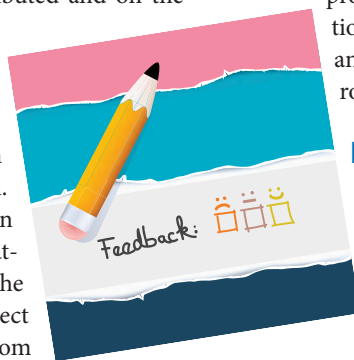
developmental tool for content creation for future programs. For example, for a large conference, it may be important to find out more about the role of the attendees in their organizations, whether or not this is the first time they attended this conference/meeting/event, as well as their overall satisfaction.

## Marketing For Success

In addition to lessons learned, it makes sense in many cases to continue to build the branding aspects related to the event. For example, if you launched a particular product or new sales initiative at the meeting, how will you carry the enthusiasm on after the event is over? Activities that were met with great success having been incorporated into post-event marketing include:

- A thank-you card to all attendees
- A gift card related to the conference theme
- Pictures and videos from the conference, meeting or event posted on the corporate website
- Presentations and other training documents distributed via email or online
- Facebook or LinkedIn pages to allow attendees to connect with one another
- Strategically placed followup quarterly graphical emails to tie into how the company is continuing on with its key messaging and focus for the year

Part of the debriefing and review process also includes looking ahead to the next event, not only from an operational standpoint, but from a marketing viewpoint. For example, based on feedback, you may consider hosting a regional meeting in between conferences to continue to fulfill the objectives outlined for the event. After all, the goal for capitalizing on the event from a marketing or branding standpoint is also to drive attendance for next year and continue to enforce the message that they heard at the previous conference, meeting or event. 



KEEP CLIMBING



# DELTA UATP: YOUR CORPORATE TRAVEL PAYMENT SOLUTION.

ACCEPTED GLOBALLY. NO FEES. ITINERARY-LEVEL DATA.



For more information, please email:  
[UATPSALES.DELTA@DELTA.COM](mailto:UATPSALES.DELTA@DELTA.COM)

or visit us online:  
[DELTA.COM/DELTAUATP](http://DELTA.COM/DELTAUATP)



Happy 30th Anniversary  
to our partner, Business Travel News!

# A BUSINESS RENTAL SOLUTION THAT RAISES THE BAR.

National Car Rental is ranked “Highest in Rental  
Car Satisfaction” by J.D. Power.

With a business rental solution from  
National, you can experience the  
speed, choice, service and reach of  
one of the industry’s leaders – making  
your company’s travel program more  
efficient while giving your business  
travelers more options.



Visit [www.enterpriseholdings.com/BTN](http://www.enterpriseholdings.com/BTN)  
or call **1-877-439-4504** to learn more.



 **DRIVE ALLIANCE**<sup>SM</sup> PARTNER

National received the highest numerical score among rental car companies in the proprietary J.D. Power 2013 Rental Car Satisfaction Study<sup>SM</sup>. Study based on 12,382 responses measuring 13 companies and measures opinions of business and leisure travelers who rented a vehicle at an airport location. Proprietary study results are based on experiences and perceptions of surveyed in September 2012 - August 2013. Your experiences may vary. Visit [jdpower.com](http://jdpower.com). National and the "flag" are trademarks of Vanguard Trademark Holdings, USA LLC. All other trademarks marks are the property of their respective owners © 2014 National Car Rental. E05047 04.14