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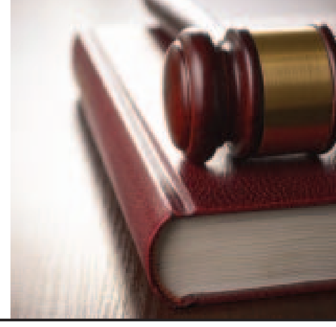

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OPPORTUNITY IN ADVANCE

The industry digs into data to better assess the true value of advance-purchase air policies. **Page 8**

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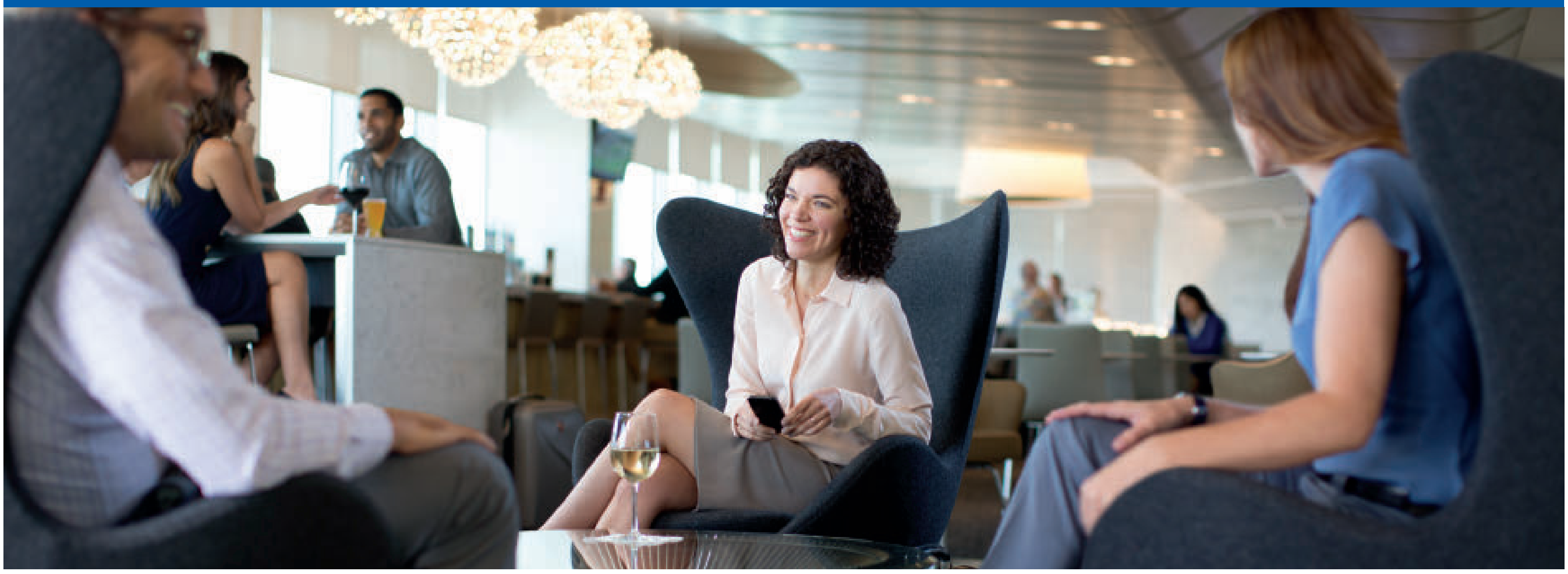

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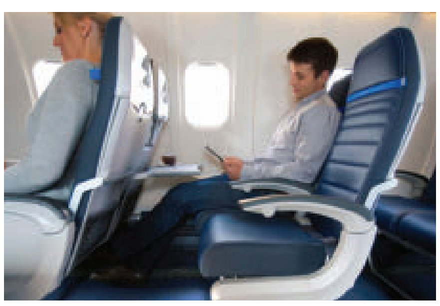

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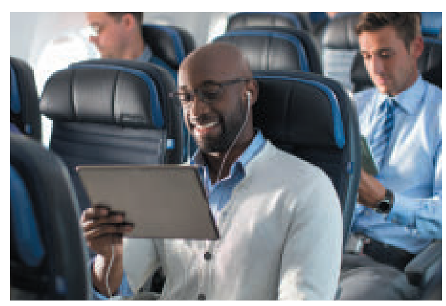

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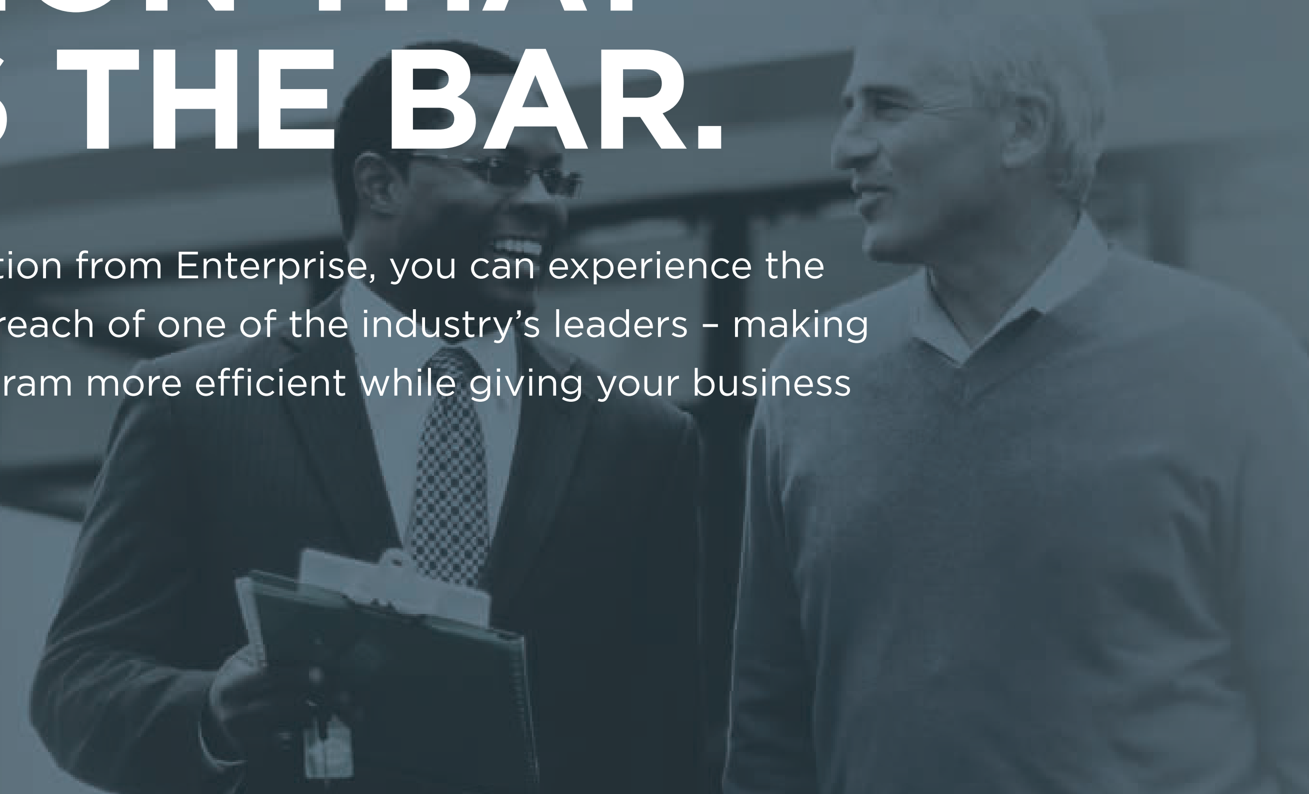

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Tel: (847) 564-5941
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Business Travel News
PO Box 3610
Northbrook, IL 60065-3610
nbtn@omeda.com

LIST RENTAL
DANIELLE ZABORSKI, MeritDirect
(914) 368-1090
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E-MAIL INFORMATION
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(877) 652-5295 Ext. 102
niademarco@wrightsmedia.com

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

NORTHSTAR TRAVEL MEDIA

100 Lighting Way, 2nd Floor
Secaucus, NJ 07094
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DOJ Prevails In Antitrust Suit, Amex Vows Appeal

BY JAY BOEHMER & JoANN DeLUNA

THE JUDGE overseeing the U.S. Department of Justice's antitrust lawsuit against American Express on Feb. 19 ruled that provisions in its merchant agreements violate federal law and "constitute unreasonable restraints on trade."

U.S. District Judge for the Eastern District of New York Nicholas Garaufis ordered Amex to modify or eliminate provisions that prevent merchants from encouraging consumers to use other forms of payment.

Amex vowed to appeal.

Judge Garaufis noted that Amex's anti-steering provision changes "may not require their wholesale abandonment. Rather, the court is confident that there exists a middle ground that strikes the appropriate balance between American Express's legitimate interests as a going concern and the public interest."

The judge directed Amex and DOJ to work on a negotiated resolution and submit the proposal to the court within 30 days, according to an order dated Feb. 19.

At a later date, the judge noted, "the court will separately issue a remedial order and a judgment after it determines the appropriate remedy."

As such, it is unclear when and to what extent merchants, including those in the travel sector, could wriggle free of Amex's anti-steering provisions. A few travel merchants had expressed a desire to do so, considering Amex on average charges higher swipe fees than competitors.

At trial, Southwest Airlines and Alaska Airlines both contested the anti-steering provisions. Southwest, for example, noted that if it could encourage customers to use cheaper forms of payment it could negotiate lower merchant fees with Amex, court documents noted. Meanwhile, Amex prevented Alaska Airlines from steering corporate clients to use cheaper forms of payment in exchange for lower negotiated fares, according to testimony.

Credit Suisse analyst Moshe Orenbuch, though, said many merchants likely would not steer customers away from Amex because "they wouldn't want to risk losing the business."

However, if merchants had the option to not accept Amex or steer away from it, that could lead to some erosion in Amex merchant rates.

"We don't have a point estimate, but what we have said and continue to say is that there will be some of it [steering away from Amex] and it will be one of the contributors that will pressure Amex's merchant discount rate over time," Orenbuch said.

The extent merchants would want to steer is unclear, especially since many have not taken advantage of a new ability, gained in December 2013 as part of the settlement of a class-action suit, to levy surcharges on Amex transactions as long as they're not higher than those for competing card products.

> U.S. District Judge for the Eastern District of New York Nicholas Garaufis ordered Amex to modify or eliminate provisions that prevent merchants from encouraging consumers to use other forms of payment.

In the travel sector, Orenbuch noted that only some discount airlines have elected to surcharge—"in general, airlines aren't," he said.

While the decision could eventually impact Amex merchant relationships, Orenbuch said it shouldn't have much impact on corporate card use.

"You can't tell [a company] not to use the American Express corporate program," Orenbuch said. "I have to use my corporate card—you can't steer me away from it." Most corporate cards issued in the United States are Amex cards, according to court documents.

Amex at trial had lambasted the suit as DOJ overreach, claiming the government cannot show real harm stemming from its practices and noting that it's just too small to impose its will in an antitrust manner. Amex argued that its anti-steering provisions protected cardholders by preventing merchants from discriminating against or embarrassing them at the point of sale.

The judge agreed with DOJ that Amex provisions had several ill effects on consumers and merchants, finding they impede competition, block the introduction of low-cost payment models, "stifle" innovation and result in higher consumer and merchant pricing.

Even during closing arguments, the judge encouraged Amex and DOJ to work toward a settlement. That is how Visa and MasterCard resolved the matter after DOJ first brought suit against all three major card companies in 2010.

"Visa and MasterCard settled because they know it's not practical to be discriminated against at the point of sale because the clerk can't figure out which one is a high-cost Visa card or a low-cost Visa card, whereas you could discriminate against American Express," Orenbuch said.

While its competitors agreed to settle and alter merchant agreements, Amex pursued a legal defense that came to trial last summer and reached closing arguments in October 2014.

During those arguments, DOJ counsel noted it was "willing" to settle the suit as it had with MasterCard and Visa. Yet, Amex counsel said DOJ only had offered the company the same settlement deal those companies accepted—a deal Amex had long resisted.

The company in a statement noted it does plan to file an appeal "at the appropriate time shortly after final judgment is entered." Amex CFO Jeff Campbell during an earnings call with analysts last year anticipated "a lengthy appeals process" would follow the court's decision.

"The court's ruling will not provide any benefit to consumers and will, in fact, harm competition by further entrenching the two dominant networks," the Amex statement noted.

U.S. To Expand Passport Control Kiosks, Mobile Tech To Smooth Int'l Arrival Process

Expansion of passport control kiosks and mobile passport technology are among the priorities listed as means to improve the arrivals process in a joint report issued last month by the U.S. departments of **Commerce** and **Homeland Security**. Incoming passengers currently can scan their passports and enter customs information at 539 passport control kiosks, and public-private partnerships with airport authorities will add 340 kiosks at 13 locations, according to the report. **U.S. Customs and Border Protection** also will expand mobile passport control to enable eligible travelers to submit passport and customs information via their mobile devices at the top 20 airports by 2016, following a pilot program at Hartsfield-Jackson Atlanta International Airport. CBP also plans to eliminate the paper customs declaration form for inbound passengers by 2016, according to the report.

IATA: 2014 Air Demand Up, But Softening Possible

Total global air travel demand increased 5.9 percent year over year in 2014, and capacity increased 5.6 percent, according to the **International Air Transport Association**. International passenger traffic increased by the highest percentage in the Middle East (13 percent), Asia/Pacific (5.8 percent) and Latin America (5.8 percent), and more than half of total passenger growth came from emerging markets, according to IATA. Domestic air traffic had the largest percentage increases in China (13.9 percent), India (12.5 percent) and Brazil (11.4 percent). The association noted that U.S. carriers were the "standout performer" among developed countries, with North American international passenger traffic up 3.1 percent and U.S. domestic traffic up 1.7 percent. IATA director general and CEO Tony Tyler in a statement said that while demand growth last year was above the long-term average, "there have been signs in recent months that softening business confidence is translating into a leveling-off of international travel demand."

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March 2, 2015 Issue 778 Vol. 32, No. 3

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. 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) 705-8889; by fax at (847) 291-4816; or by email at: 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.**

"It's a great irony to have the United Arab Emirates from the Arabian Peninsula talk about that, given the fact that our industry was really shocked by the terrorism of 9/11, which came from terrorists from the Arabian Peninsula."

*—Delta Air Lines CEO **Richard Anderson** during a Feb. 16 CNN interview, discussing Open Skies agreements in light of the subsidies Emirates, Etihad and Qatar Airways receive from their respective governments versus the subsidies Delta and other U.S. carriers' received after the Sept. 11, 2001, terror attacks in the United States. Anderson and other U.S. carrier executives want to revisit U.S. Open Skies agreements with the Gulf carriers. Anderson was sharply criticized by the Gulf carriers and others for the remarks, and Delta later clarified Anderson's remarks and apologized for any offense taken.*

"Emirates rejects the apology issued by Delta in response to comments made by its CEO on 16 February which intimated a link between the Gulf carriers and the 9/11 attacks. We believe that the statements by Mr. Anderson were deliberately crafted and delivered for specific effect."

***—Emirates** statement in response to Delta's apology*

"I think it's becoming more of a seller's market than a buyer's market, so I think we are doing less of that, not more of that. I think some of the things you're seeing people do with Wi-Fi has to do with a different objective, which is a continuing desire to channel-shift people into more direct channels to lower distribution costs."

*—Hilton Worldwide president and CEO **Christopher Nassetta** during a February conference call when asked if Hilton's corporate clients were pushing for more perks during negotiations in light of other chains' moves to offer some free Wi-Fi access*

"We were in an awkward spot with that where we disclosed what we had to disclose because we were doing an equity offering. That's all we can disclose at this point. I would just say it's a unique opportunity, and we're excited about it. We will see where it goes."

*—Sabre CEO **Tom Klein** on an unidentified potential acquisition, believed by some to be Abacus, that Sabre signaled in a recent SEC filing*

Interview: NH Hotels' Rufino Perez

NH Hotel Group, Europe's third-largest hotel chain, on Feb. 3 announced the acquisition of the 20-hotel Hoteles Royal group in Latin America. NH, based in Spain, also announced it disposed of 30 "non-strategic" properties in 2014 but added nine, and now has about 400 hotels worldwide. Chief commercial officer **Rufino Perez** spoke to *BTN*'s Amon Cohen about developments in the company's relationship with the corporate market.

Business Travel News: **How is the corporate market looking for 2015?**

Rufino Perez: The Global Business Travel Association Foundation's forecast fits very closely with our own insights. Although not as fast as [in] North America, we expect growth in Western Europe, and we already are noticing an improvement in Germany, Benelux and even Spain. Latin America is strong too. We expect rates to grow.

BTN: **How much of your business is accounted for by the corporate market?**

Perez: Transient business and meetings and events are about 50 percent of our revenue. That share is growing because demand is recovering and our proposition for this market is stronger than before.

BTN: **Why is it stronger?**

Perez: We are spending €220 million on refurbishing most of our hotels between 2014 and 2016. We already have replaced 25,000 mattresses and 27,000 showers. It has improved our average score on TripAdvisor from 8 to 8.25, which is hard to achieve.

BTN: **What trends are you seeing in meetings?**

Perez: We are seeing more companies trying to consolidate their meetings and events spend. They are also increasingly using technology providers like StarCite and Cvent for their sourcing.

BTN: **How do you feel about them using that route for their requests for proposals?**

Perez: We are happy about it. It gives us more visibility. Before, it was hard to know who was the right person at the client to approach, and it's a win-win because it makes it easier for the customer to consolidate. We have a specific team to deal with the RFPs coming through these systems.

BTN: **In the past some hoteliers have complained that online RFPs lead to clients issuing tenders to large numbers of hotels without qualifying them properly first. What has been your experience?**

Perez: It's true that in the past there were too many hotels being asked, and it wasn't productive for anyone involved, including low conversion rates for us. Maybe customers thought a longer list of suppliers would lead to lower rates, but now they are realizing they need to get the right product, and the RFPs are becoming more and more qualified as they get to know the systems better.

BTN: **What about distribution to the transient market? Are you seeing a shift away from the global distribution systems?**

Perez: Some corporate customers in the small and medium segment are using online travel agents more, but the GDSs are still strong. We do not think this will change dramatically.

BTN: **What about technology inside your hotels? What are your latest innovations there?**

Perez: We have introduced 3D holographic projection technology. It allows CEOs to attend meetings without having to travel there, which saves a lot of time. It is also good for events and presentations. We already have it in our hotels in Madrid and Berlin, and we will soon have it in other cities, including Frankfurt, Amsterdam and Barcelona. We have also introduced free Wi-Fi in our hotels, and given guests pretty good bandwidth and a simple way to log in.

BTN: **Wasn't that an expensive decision to take?**

Perez: It costs money, of course, because it's not like installing domestic Wi-Fi: it needs to be secure and robust. But we felt we needed to provide Wi-Fi for free because guests consider it a must.

BTN: **Have you gained additional corporate business as a result?**

Perez: I would say we were at risk of losing business if we didn't do it. Accounts have confirmed they are staying with us because of the wireless connection.

BTN: **Tell us more about your growth plans.**

Perez: Last [month] we announced the acquisition of Hoteles Royal, which gives us 20 properties and 2,400 rooms in very good locations, mainly in Colombia. One of our targets is to grow in Latin America, and we now have 60 hotels there. Our other target is Europe, where we are looking to expand in the key cities.

OPPORTUNITY IN ADVANCE

BTN Research: Most Buyers Hold To Advance-Purchase Airfare Requirements

By Michael B. Baker

Most travel buyers include advance-purchase requirements for air travel in their travel policies, according to *Business Travel News* research, but those who do not increasingly are pointing to their own data and understanding of airline yield management that such policies do not necessarily generate big savings in a travel program.

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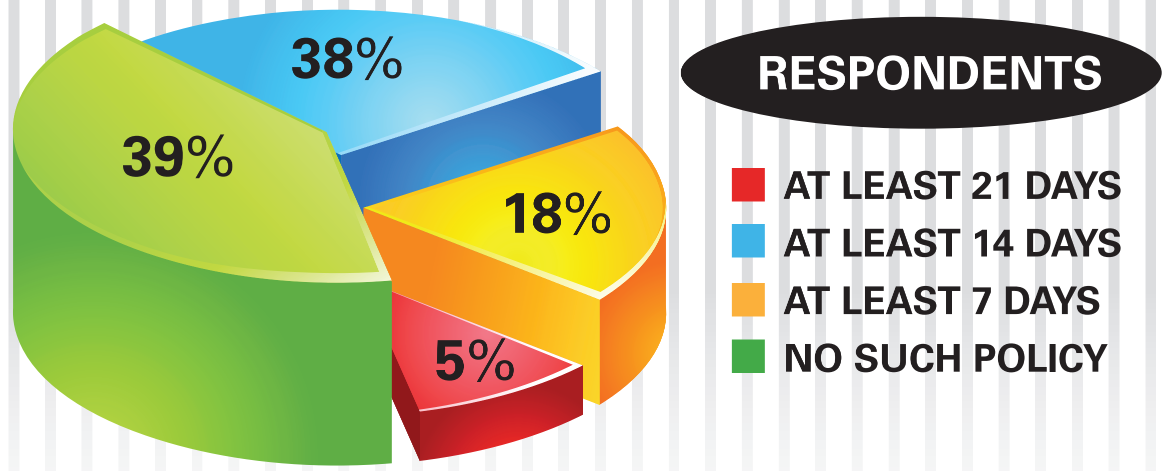
Advance Airfare Purchase Policies

Length of time respondent organizations' policy requires travelers to book air travel before departure



Source: A BTN *November 2014-January 2015 survey of 160 travel managers from organizations with estimated 2014 U.S.-booked travel volume of at least $500,000*

A *BTN* survey of 160 travel managers with a volume of at least $500,000 in 2014 U.S.-booked travel shows that 61 percent had some form of advance-purchase policy for air travel. A policy that requires tickets to be purchased within at least 14 days of travel was the most commonplace, practiced by 38 percent of total respondents. Eighteen percent of respondents had a policy requiring air tickets to be booked within at least a week of travel, and only 5 percent required a booking window of 21 days or more.

Conventional wisdom long has held that the further out from travel an air ticket is booked, the better the airfare options will be, and in a general sense, that remains true, said Barry Rogers, senior advisor for TCG Consulting's Global Air Practice.

"We've seen a fair number of clients do analysis over the last year or two, and by and large, they are finding there is a benefit," Rogers said. "There was a period of time a few years ago when there was more capacity in the market, and airlines were dumping some fares at the last minute, but that has become more rare as capacity has tightened up."

Data released in January by Travel Leaders Corporate also supports the efficacy of advance-purchase policies in the 14-day range. Fourth-quarter corporate booking data from Travel Leaders show bookings made 14 to 20 days prior to departure cost 24 percent less than those made less than a week out; by comparison, bookings made seven to 13 days prior to travel cost 9 percent less.

In terms of travel policies, even many of those companies without rigid advance-purchase restrictions remain focused on encouraging travelers to plan ahead to get access to lower-cost airfare inventory. For mature programs trying to eke out more savings, targeting those travelers who constantly are booking air travel only a few days out can be a way to add a few more percentage points to the bottom line, said Pedro Paredes, vice president of global business consulting for American Express Global Business Travel.

In particular, more companies are targeting travelers who book last-minute tickets for internal travel, he said.

"For internal travel, some clients are saying if it's booked less than seven days out, then don't fly," Paredes said. "But even if you're a consultancy that makes money putting employees in front of other clients, that behavior of booking zero to three days out is something you want to watch, because any reduction of those costs will go straight to your bottom line."

There are factors to consider outside of trip cost as well. In a recent report on travel management priorities for 2015, Carlson Wagonlit Travel noted that the return on investment for business travel tended to be better for trips that were well-planned. In a 2014 survey of about 10,000 travelers, 21 percent of those who had booked their travel fewer than three days in advance deemed their business trip "unsuccessful." Only 11 percent of those who booked more than two weeks in advance said their trip was unsuccessful.

Even so, some buyers said their decision to eschew strict advance-purchase policies is based on having their own data. Frank Dolce, director of global corporate T&E for OSI Systems, said the numbers look different once they are adjusted to normalize for short-haul travel. Costs on those trips—shuttle flights from New York to Boston or from Los Angeles to Las Vegas, for example—tend not to fluctuate as much in the last-minute booking windows and even show better fares when booked closer in, he said.

Relatively cheap last-minute fares on long-haul flights also have become more commonplace as airlines have enhanced yield-management systems to open up lower-cost inventory in markets when bookings are running below expectations, said Bob Brindley, vice president and principal at BCD Travel's Advito consultancy. This trend has driven the model behind such price-assurance products as Yapta and has encouraged airlines to increase change fees, he said.

Fourth-quarter corporate booking data from Travel Leaders Corporate show bookings made 14 to 20 days prior to departure cost 24 percent less than those made less than a week out; by comparison, bookings made seven to 13 days prior to travel cost 9 percent less.

"In the past, the relationship between price and advance purchase was a relatively smooth curve," Brindley said. "However, today it does fluctuate, even though it follows the same overall trend."

Highly competitive routes are especially prone to last-minute discounting, TCG's Rogers said, though he cautioned that those were "not across-the-board" and while "people are still able to get a relatively lower fare at the last minute, they're still not going to get the same kind of fares they would have gotten well in advance."

In select markets—travel within China, for instance—reality can run counter to conventional wisdom, with airfares tending to drop the closer it is to the travel date.

Some companies have dug into data to create a more unorthodox advance-purchase policy. The Advisory Board Co. vice president of business solutions Steven Mandelbaum, *BTN*'s 2014 Travel Manager of the Year, created a policy to address exceptions to the company's general seven-day advance-purchase requirement. After seeing booking data showing fares were highest between four and six days before travel and tended to drop after that, Mandelbaum created a policy that prohibited bookings in that four-to-six-day range.

On the opposite end of the spectrum, advance-purchase policies that push bookings too long before travel can be counterproductive, especially as airlines increase change fees. In an email newsletter to clients last October, president and founder of Executive Travel Steve Glenn urged them not to have business travelers booking more than 30 days in advance.

"The chances for changes in appointments, family, health, employment or the economy often make the odds of having to change a nonrefundable ticket as high as 25 percent for some business travelers," Glenn wrote. "You do the math. If you buy a $400 airline ticket and have to change your flight ($200 cost), you just added 50 percent to the cost of the ticket."

Dominion Resources director of travel services Donna Kelliher made a similar discovery a few years ago with a study of advance purchases. She found that there was no significant savings from booking tickets more than 20 days in advance, and that travelers buying tickets too far in advance added more than $100,000 in exchange fees.

Even so, when travel dates are certain, there can be advantages to booking far in advance, TCG's Rogers said. For clients who are traveling internationally in business class, many are buying low-bucket fares that offer effective discounts of 50 percent to 70 percent off the full business-class fare. While there are risks with restrictions and high change fees with those fares, they also offer significant savings when travel dates are absolutely firm, he said.

"One of the ironies is that corporate clients in some cases are seeing a reduction in their effective discount rate, because they're not getting any discount," Rogers said. "But the roundtrip business-class fare in a low bucket could be $5,000, whereas even with a discount, you might be $11,000 or $12,000."

All this boils down to the fact that strict advance-purchase policies never were a one-size-fits-all solution and are even less so now. OSI Systems' Dolce, for example, said his policy has benefited simply by telling people "to make arrangements as far in advance as possible."

"We book the lowest nonrefundable anyway," he added. "A lot of the fares are one-way, and the Saturday-night stay isn't nearly as pervasive as it used to be. But even if published fares may not be lower based on advance purchase, there is usually a better choice of inventory, and from that perspective, the chances of obtaining a good price is much higher."

For travel buyers who have not reviewed their advance-purchase policies in some time, it's certainly worthwhile to benchmark policies with others with travel programs of similar scope and size, Amex's Paredes said. He cautioned against making such policies too complex, as the general trend now tends to be more toward simplifying travel policies rather than making them more convoluted. Regardless of the approach, he also cautioned against moving too far from that old conventional wisdom.

"It's still not a bad idea to keep reminding travelers that the further out you book, the better it will be for the bottom line," Paredes said.

AIRLINE BUSINESS-CLASS POLICIES

Anticipated change in respondent organizations' policy governing choice of business class, 2015 vs. 2014

More restrictive	29%
Less restrictive	8%
No change	63%

Source: A BTN November 2014-January 2015 survey of 178 travel managers from organizations with estimated 2014 U.S.-booked travel volume of at least $500,000

ORGANIZATIONS WITH A GLOBAL TRAVEL POLICY

	Respondents
Yes	73%
No, but plan to create one in 2015	5%
No, but a single travel policy is in place for most of the organization	13%
No, different units or regions have their own travel policies	7%
No	2%

Source: A BTN November 2014-January 2015 survey of 176 travel managers from organizations with estimated 2014 U.S.-booked travel volume of at least $500,000

SUPPLIER-SELECTION POLICIES

Respondent organizations' policy requirements directing traveler choice

	Respondents
Designated travel management company/ booking tool	88%
Lowest logical airfare	79%
Designated corporate card	71%
Preferred car rental companies	71%
Preferred hotels	60%
Preferred airlines	56%
Preferred chauffeured transportation companies	23%
No change	71%

Source: A BTN November 2014-January 2015 survey of 173 travel managers from organizations with estimated 2014 U.S.-booked travel volume of at least $500,000

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CWT Readies Refreshed Hotel Review Portal

BY JAY BOEHMER

A FEW YEARS AGO, Carlson Wagonlit Travel launched Hotel Intel as a way for clients to capture and analyze company-specific lodging reviews from travelers. If the offering also was designed to test if a travel management company can angle the premise of a TripAdvisor to the corporate realm, then, judging by the program's growth, the answer for CWT is yes.

While some corporate travel buyers over the years have expressed wariness about giving travelers a soapbox potentially to criticize preferred hotels, it seems enough have embraced the concept of hotel reviews to push CWT further to invest in the concept.

ORGINIALLY PUBLISHED IN the beat thebeat.travel

Around 50 clients now use the platform, according to the company.

"We finished the year 2013 with 11,000 reviews," said Carlson Wagonlit Travel senior director of global hotel products Peggy Studer. "We finished in 2014 with 44,000 reviews. Now in early February we're at 50,000 reviews. So the growth trend is pretty significant."

Launched in November 2012, Hotel Intel was built to offer travelers a "secure, company-specific" outlet to rate and comment on hotel stays. Unlike TripAdvisor, the reviews were specifically for travelers within an organization, and invitations to review a hotel were sent only to those who booked.

The premise hasn't much changed, but the look soon will. CWT in the second quarter plans to launch a new user interface. Also on tap are new analysis features for corporate travel buyers and planned integration with booking tools, according to Studer.

"As user experience has evolved quickly over these past couple of years, we thought we needed to revamp the user experience, the design, the look and feel," said Studer, noting the overall goal is to create a look that is "a lot closer" to that of a consumer, not a business-to-business, offering.

The upgraded portal was built with mobile in mind, and does away with, for example, "hover-over" features that work well on mouse-driven desktops but have little utility on touchscreens.

"We also have it on our mobile roadmap for CWT To Go to incorporate traveler reviews," Studer said, referring to the TMC's mobile app. "One of the things we have done as part of the revamp is more behind the scenes, but we wanted to make sure we had the pipes to connect to any point of sale that we would wish to connect to—so to provide that information to our agents, to the mobile channel, etc., and really incorporate it within the booking process."

Studer said travelers already can access reviews via their company's CWT portal, where they also can search and book.

What's not changing is the idea of keeping the task of reviewing hotels simple. When returning from a trip, travelers are asked via email "whether they'd recommend or won't recommend" a property, said Studer, then "they have the option to put in a few comments—that's it. They don't have to log in anywhere else, and they don't have to go off to another website."

Using email keeps it easy, she said, and also verifies traveler identity.

Meanwhile, CWT this year plans to incorporate a "sentiment analysis" dashboard feature. While the basic Hotel Intel portal is "core" for CWT clients, the dashboard is a premium offering geared to clients of CWT Solutions Group, the TMC's consulting division.

That feature automatically will scan reviews and based on text analysis would convey overall traveler satisfaction with preferred hotels. Such analysis can be viewed according to country of origin or destination, or by hotel chain, and will gauge satisfaction with various aspects of a hotel stay.

Such insights can help clients determine if they have the right properties in their programs, gauge overall traveler satisfaction and support supplier negotiations, according to Studer.

NEWSLOG

GoldSpring Consulting Acquires Management Alternatives

GoldSpring Consulting last month acquired travel management consulting firm **Management Alternatives**, which "will help us reach our growth and service offering goals much more quickly than we had initially envisioned," according to GoldSpring founder and partner Mark Williams. Management Alternatives owner, president and CEO Carol Salcito will become a senior advisor to GoldSpring. Management Alternatives senior vice president Will Tate will join GoldSpring as a partner, while other vets Shimon Avish and Ed O'Connor also assume roles in the firm. GoldSpring also plans to acquire 3d Travel Metrics, developed by Tate "for supplier assessment and travel management company evaluation" as well as other technology "developed independently by GoldSpring partner Neil Hammond" that perform analysis to support hotel and airline sourcing.

ARC Launches Advisory Board

ARC in January launched a corporate travel advisory board, which will include up to 18 members, each serving a two-year term. The board will "advise and engage with the ARC leadership team to assist the company in developing unique, industry-leading products and services." Nine travel management executives representing companies including BAE Systems, The Coca-Cola Co., Reed Elsevier, Financial Industry Regulatory Authority, Computer Sciences Corp. and 3M discussed at a kickoff meeting the **International Air Transport Association**'s New Distribution Capability, data analytics and airline contracting, among other concerns, according to ARC. "Additional objectives of the board include providing industry insight into trends, marketing channel issues, corporate image and branding, and account management," according to ARC.

Firm Taps App To Improve Traveler Wellness

BY MICHAEL B. BAKER

Knowing the stress and constraints of business travel can cause even the most health-conscious of people to toss aside wellness habits while on the road, Cindy Heston, director of travel and events for managed health care firm Anthem Inc., recently deployed a program that incentivizes healthy traveler behavior.

As part of a larger Anthem—formerly known as Wellpoint—communication program that targets employee engagement through the company's travel services organization, Heston partnered with mobile app VisFit, a tool that provides travelers with personalized messaging offering health and wellness recommendations while on the road. Through the app, Heston launched a campaign in which participating travelers earn points for healthy travel habits—working out and eating well—and the chance to vie for such incentives as free flights and hotel stays. Through VisFit, employees submit a note or photo depicting their healthy activities, which the tool tracks through a company-viewable leaderboard.

> "From the travel manager standpoint, you sometimes feel like you're an outsider looking in on an organization. This campaign really brought us back into the fabric of the company."
>
> —ANTHEM'S CINDY HESTON

With corporate travel buyers as its primary user base, VisFit is designed to benefit both travelers and employers, said Siobhan O'Brien, VisFit vice president of business development. Graham Holdings director of travel services Nicole Hackett helped to lead its development, so it had its beginnings in the corporate travel space.

Travelers benefit from the wellness advice and employers benefit from a healthier workforce, which can lead to savings in such areas as health insurance costs, O'Brien said. Wellness programs in general tend to generate a decline in healthcare costs at companies within one to three years, according to United Benefit Advisors.

"The product gives healthy solutions in a proactive manner to business travelers," O'Brien said. "Some [business travelers] think that healthy eating is having only one doughnut. We give suggestions on walking or having a fruit and vegetable smoothie versus a yogurt and canned-fruit smoothie."

Heston strategically timed the program to run in October and November, prior to the company's annual open-enrollment period for health benefits. Employees who get favorable health assessments and show a commitment to a healthy lifestyle are eligible for incentives to reduce the cost of medical coverage, so the program made for a good lead-up to that, she said.

Heston worked with BCD Travel, Anthem's travel management company, and BCD's Advito consultancy to craft and develop the messaging and communication around the program, which added to its return on investment, she said.

The program also helped drive compliance to preferred air and hotel suppliers, Heston said. The program was "supplier-slanted," meaning employees earned points only for travel with those preferred suppliers, but it was not limited to business travelers, she said. Employees using those preferred suppliers for personal leisure travel also were eligible, which allowed her to engage with a new set of employees.

"The business travel piece ended up getting the lowest traction, because from a client-engagement standpoint, it's been done," she said. "The leisure and wellness engagement was very positive, and we got awareness up."

All of VisFit's corporate travel manager users to this point have sought to bring in human resources managers as part of the program to make sure they are considering a companywide perspective, O'Brien added.

The program brought Heston "the best-ever feedback of my whole career," she said. Of Anthem's 2,000 travelers, about 13 percent participated during the campaign, which she said was "great" and higher than industry averages.

Launched last year, VisFit currently is working with a handful of companies of varying sizes and hopes to double its client base by the end of the year, O'Brien said. VisFit then plans on expanding to more directly target human resources departments as well as traveler users, she said.

Heston, meanwhile, said she plans to use VisFit again, with a special focus on group travelers in addition to transient travelers.

"From the travel manager standpoint, you sometimes feel like you're an outsider looking in on an organization," Heston said. "This campaign really brought us back into the fabric of the company, supporting wellness and healthy behaviors."

Pittsburgh BTA Votes To End Affiliation With Global Business Travel Assn.

BY JAY BOEHMER

The Pittsburgh Business Travel Association has notified the Global Business Travel Association that it is discontinuing its chapter status and affiliation to become an independent organization.

PBTA members in December 2014 voted "overwhelmingly in favor of becoming independent," according to PBTA president Mary Taylor. One PBTA member, requesting anonymity, said 85 percent of members voted in favor.

"Armed with the decision of the membership, the PBTA Board reacted accordingly and provided formal notice to GBTA leadership of the result of the vote," Taylor wrote in an email in late January to *BTN*. She added, "GBTA leadership has not acknowledged receipt of the notification to any PBTA board member whose signature was applied to the formal letter."

GBTA executive director and COO Michael McCormick in an emailed statement confirmed receipt of the letter. "We have not yet had the opportunity to speak with the local Pittsburgh community to better understand how to best serve their needs in the future," he noted.

McCormick in late January attended GBTA's Chapter Leadership Summit in San Diego "with more than 170 leaders who have gathered here to work together to continue to build our ability to share knowledge, resources and industry best practices across the business travel industry," he wrote.

In a communication distributed to PBTA membership obtained by *BTN*, the Pittsburgh board recounted events that prompted the vote, amid a request by GBTA for chapters to validate their current status.

> One Pittsburgh Business Travel Association member, requesting anonymity, said 85 percent of members voted in favor.

Among those events, PBTA claimed GBTA refused to reimburse the chapter for expenses incurred for a canceled 2011 chapter summit meeting to be held in Pittsburgh and that the organization declined to address issues with a member of both organizations who PBTA suspended for alleged "infractions," including voting fraud. The document, distributed by PBTA's board, alleged other purported snubs by GBTA leadership. One PBTA member also highlighted PBTA's board had questioned the value of ongoing costs to maintain affiliation.

It's not the first time a local chapter has had a falling out with the organization. The Georgia Business Travel Association in 2012 moved to wind down exclusive affiliation with GBTA and entered into a joint venture with the Association of Corporate Travel Executives. Yet, Georgia's secession, which came amid GBTA's plans to restructure chapter business relationships, was short-lived. By the end of 2013, GBTA announced the local BTA renewed its affiliation.

The Georgia BTA in late January was listed as a local chapter on GBTA's website. The Pittsburgh chapter, however, was not.

Yapta Adds Hotel Rates To Post-Booking Targets

BY JAY BOEHMER

YAPTA, WHICH HAS built its business on securing post-booking airfare savings for corporations, has now deployed its companion tool for hotel rates.

Like FareIQ does with airfares, RoomIQ tracks corporate hotel reservations and alerts users when the rate drops. Yapta is beginning to make RoomIQ broadly available, following a nearly six-month pilot with five clients represented by three travel management companies, including Travizon and Ultramar. Yapta CEO James Filsinger last month said "several" clients already have moved beyond beta as paying customers.

The savings results from early users, according to Yapta and one travel management company, have been encouraging.

With the launch, the market for post-booking hotel savings tools is becoming competitive, if not yet crowded. RoomIQ's mission to achieve post-reservations hotel savings is comparable to TripBam's, which has gone live with a number of corporate clients, has gained some buzz and, like Yapta, can point to client savings.

Considering that buyers and TMCs have options, what sets RoomIQ apart?

Filsinger said RoomIQ monitors hotel reservations, searches for lower rates at the same property only and also monitors "rate-level amenities," so it's clear if the guest experience is impacted by a lower rate.

Just as FareIQ "dynamically reads fare rules from an itinerary," RoomIQ "reads the rate rules and restrictions and what's included in the rate," said Filsinger. "We know if it includes Wi-Fi, parking or breakfast."

Filsinger also noted that RoomIQ accounts for "negotiated rates, so we know if it's negotiated and what's included in that."

Clients can set parameters on when the agency or travel manager should cancel a reservation to make a new, cheaper one. "We give the opportunity for a corporation to save on their room, and they may lose parking, for instance, but we tell them what their amenity gain or amenity loss might be with the associated room change," said Filsinger. "They can make a more informed decision."

He said RoomIQ would be appealing especially to current users of Yapta's airfare monitoring system, offering "seamless" integration and minimal upfront work for them. Those will be the initial marketing targets and most "natural" fit for RoomIQ. Yapta also has 10 TMCs that act as distribution partners, another logical avenue for extending RoomIQ's reach, said Filsinger.

When FareIQ and RoomIQ are combined, he said, "It's basically one implementation, so you get two products and you get maximized savings across air and hotel." Used together, Yapta's systems would monitor the same PNRs for both air and hotel savings opportunities.

Yapta has modified its pricing model for RoomIQ. FareIQ clients had two options: Either Yapta would take a cut of the rebooked fare savings or clients would pay a fee per itinerary tracked. The model for RoomIQ is focused on the latter. Bundled pricing, meanwhile, also would be available to clients that use both.

Travizon Sees Promise

Travizon was among a few agencies last year to engage in tests of RoomIQ, piloting with two of its corporate clients, said Travizon executive vice president of global account services Anita Salvatore.

While acknowledging it's a small sample size, Salvatore recently told *The Beat* she was "impressed" with the savings as measured through the end of the year, which came in at an average of $109 for each reservation that was rebooked using RoomIQ, she said. Yapta noted the savings levels, based on an average 2.4 room nights per reservation, were similar across all beta testers.

"What we were seeing was an opportunity to save on around 12 percent of all hotel bookings," Salvatore said. "We'll get a larger sample, but that was also very surprising and exciting."

Salvatore said Travizon is continuing to test through this quarter, with plans "to share the results" with other Travizon clients once concluded.

"We want to get more clients involved in RoomIQ," she said.

Ultramar also has been piloting the system, according to Yapta.

Compare/Contrast

Given they are conceptually similar, some may be inclined to view RoomIQ and TripBam as differing in name only. After all, both solutions target post-booking savings opportunities, integrate with TMCs and offer client customization around savings parameters and workflows. They do have their differences, though.

An important one: TripBam is designed to search for lower rates not just for the reserved property but also nearby hotels with similar characteristics—or "clusters." RoomIQ, meanwhile, looks for rebooking opportunities only at the reserved property.

Both Filsinger and TripBam president Steve Reynolds have touted the benefits of their respective models. RoomIQ, for example, won't suggest a property that doesn't fit the travelers' needs or standards, since the traveler already has booked the property searched, Filsinger emphasized.

TripBam's Reynolds, however, said "cluster" shopping shows more savings opportunities—and, anyway, TripBam can be customized, for example, to search only the reserved hotel, he said.

"Clusters are where the real savings is found," he claimed. "On average, we find savings more than 50 percent of the time and the average savings is well over $120 per hotel stay."

Filsinger, however, countered that finding savings and securing savings through a rebooking are quite different.

This leads to another difference in the two solutions: Who is alerted to savings opportunities?

TripBam's default is to alert travelers when savings opportunities arise, while RoomIQ has been designed to "not involve the traveler," according to Filsinger.

"Agents are much more adept at going ahead and seeing a lower rate and rebooking it," he said "When you involve the traveler directly, then you're waiting for that traveler to say, 'Do I want to click on this button in my email inbox or not?' "

Filsinger claimed that conversion rates improve when traveler involvement is eliminated.

While Reynolds said TripBam is configurable to client wishes, and can keep travelers out of the loop if so desired, he recommended designating travelers as the approvers.

"An agent can't make the decision on whether $100 in savings is worth switching to another hotel or taking a standard room versus a suite," said Reynolds. "Only the traveler, their admin or their boss can make that decision."

While both are looking to win the hearts, minds and usage of corporate and TMC clients, a similarity between the two systems is that, according to users, they deliver on savings. Travizon said as much of RoomIQ, and a few corporate clients have confirmed the same for TripBam.

"We give the opportunity to save on their room, and they may lose parking, but we tell them what their amenity gain or loss might be with the associated room change."

—YAPTA CEO JAMES FILSINGER

NEWSLOG

Evolvi: 2014 Rail Prices Decline Slightly

The average ticket price paid in 2014 by the one million registered users of United Kingdom-based corporate rail booking platform **Evolvi** declined marginally year over year from £59.03 to £58.73. The reduction was achieved despite U.K. rail companies raising published fares an average of 2.8 percent. "Increasing awareness of the benefits of booking rail in advance, together with the ability to create customized travel policies and plan using insightful management information, continue to bear down on average ticket values," said Evolvi trade relations director Jon Reeve. Evolvi is distributed to corporate clients through travel management companies.

STR: U.S. Hotel Rates Rise

The average daily rate at U.S. hotels in January increased 4.3 percent year over year to $113.32, according to **STR**. Occupancy was 54.4 percent, up 4.2 percent from the same period in 2014. Of the top 25 markets in the country, Phoenix experienced the largest increase in both ADR and occupancy, while New York had the largest ADR decrease, dropping 8.6 percent to $190.16, and Philadelphia had the largest occupancy decrease.

AA Projects $5B In Fuel Savings But Holds To Pricing, Capacity Plans

BY MICHAEL B. BAKER

AMERICAN AIRLINES executives in late January said they have no plans to adjust pricing or capacity in response to lower fuel costs, marking a unanimous commitment among the three U.S. legacy carriers on the matter.

As the only airline among the legacy carriers that does not participate in fuel hedging, AA is seeing the most direct benefit from lower fuel prices. For 2015, the carrier projects it will see more than $5 billion less in fuel expenses year over year, all of which will go directly to its bottom line, American Airlines Group CEO Doug Parker said during the company's fourth-quarter earnings call. Even so, that will not change its pricing strategy.

"Pricing is tied to demand, and demand remains strong," Parker said. "That's what we should base our pricing on, not our cost structure."

Parker touted a similar line on capacity. AA plans to increase domestic capacity 3 percent and international capacity 1.5 percent year over year in the first quarter, but the carrier couldn't pump that up even if it wanted to, he said. "Our infrastructure would not be able to handle additional capacity above current plans for at least 18 months," Parker said.

During the fourth quarter, AA's operating revenues were $10.2 billion, up 1.8 percent compared with combined operations of AA and US Airways for the same period in 2013. Net income for the quarter was $597 million, compared with a loss of almost $2 billion for the two carriers in the fourth quarter of 2013.

For the full year, AA's net income was $2.9 billion, compared with a loss of $1.2 billion for the two carriers in 2013.

Consolidated revenue passenger miles declined slightly year over year during the quarter as capacity increased 1.7 percent, leading load factor to decline 1.6 percentage points year over year to 80.1 percent. Passenger revenue per available seat mile declined 1 percent, and yield increased 0.9 percent, AA reported.

AA president Scott Kirby noted that PRASM was lower than expected due in part to increased competition from "an unusually high and concentrated number of new starts" by competitor carriers, including Southwest Airlines' growth out of Dallas Love Field following the expiration of the Wright Amendment. Even so, Kirby said the carrier is seeing strength from its corporate accounts, including double-digit percentage PRASM increases in New York during the quarter.

> "Pricing is tied to demand, and demand remains strong. That's what we should base our pricing on, not our cost structure."
>
> —AMERICAN AIRLINES CEO DOUG PARKER

AA also continues the consolidation process with US Airways this year. It plans to finish consolidating the two airlines' frequent-flyer programs later in the spring, to be on a single operating certificate within the first half of this year and to consolidate the reservations program in the latter part of the year, according to executives.

Avis Budget: North America Corp. Rates Up 2 Percent In 2014

BY MICHAEL B. BAKER

The Avis Budget Group during the fourth quarter of 2014 increased corporate car rental pricing in North America 0.5 percent year over year, the company reported on Thursday.

During the company's fourth-quarter earnings call last month, Avis Budget chairman and CEO Ronald Nelson said that while price gains in the fourth quarter were "more moderate" than the rest of the year, prices increased across all brands and sectors. North America pricing overall was up 1 percent.

For the full year, both commercial and overall pricing in North America increased 2 percent, and 75 percent of corporate contracts renewed in 2014 maintained pricing levels or had rate increases, according to Nelson.

Throughout 2014, Avis Budget pushed for across-the-board pricing increases 15 times to varying success, Nelson said. Full-year revenue increased 7 percent to $8.5 billion, driven by a 7 percent increase in rental days and a 13 percent increase in ancillary revenues.

The company plans to be aggressive on pricing this year, according to Nelson.

"All signals from our competitors is that they're moving to raise prices, as they have the same cost pressures we do," he said. "From the first few weeks [of this year], pricing has been improving across all the brands and across both commercial and leisure rentals."

Avis Budget's fourth-quarter net income was $23 million, compared with a loss of $28 million in the fourth quarter of 2013. For the full year, net income was $245 million, up from $16 million in 2013.

> "All signals from our competitors is that they're moving to raise prices, as they have the same cost pressures we do."
>
> —AVIS BUDGET GROUP CEO RONALD NELSON

NEWSLOG

JetBlue Preps New Fare Bundles

BY MICHAEL B. BAKER

JETBLUE AIRWAYS is readying its three-tiered bundled fare structure, which excludes free checked bags at its lowest level, for launch in the second quarter of this year, executives said during the carrier's fourth-quarter earnings call in late January.

JetBlue's IT team, along with technology partners Datalex, IBM and Sabre, already has been testing the platforms to manage the new fare structure, JetBlue then-president Robin Hayes said. Frontline employees also will begin training on the new structure this quarter, he added.

JetBlue CEO Robin Hayes

First announced in November, JetBlue's three-tier structure will include no free checked bags at the lowest level, one free bag at the middle level and two free bags with the most expensive fare. The higher-tier fares also will carry more flexibility and TrueBlue frequency-program bonuses.

Hayes, who last month succeeded David Barger as CEO, said the tiered structure would add "at least $65 million in incremental operating income in 2015 and more than $200 million annually by year-end 2017."

During the fourth quarter, JetBlue reported net income of $88 million, up from $47 million in the fourth quarter of 2013. Passenger revenues during the quarter increased 6.9 percent to $1.3 billion. For the full year, net income was $401 million, compared with $168 million in 2013.

As other major U.S. airlines have similarly indicated, Hayes said the carrier has no plans to bump up capacity in response to lower fuel costs. While JetBlue expects capacity during the first quarter will be up 11 percent to 13 percent year over year, that largely is a factor of severe first-quarter weather.

Virgin America Targets SWA

BY MICHAEL B. BAKER

Virgin America on April 28 will add new nonstop service between Dallas Love Field and Austin-Bergstrom International Airport, competing directly with Southwest Airlines, the carrier announced last month during its fourth-quarter earnings call.

President and CEO David Cush called the route "a monopoly route that has long suffered high fares" and said the carrier is aiming to lower fares as much as 30 percent to 40 percent. That would stimulate demand on the route from "a lot of drive traffic that would rather fly with the right prices" as well as give Virgin America additional connection opportunities from Washington, D.C., and New York, he said.

Meanwhile, the carrier during the next few months will add pricing-automation capabilities through its Sabre reservations system that will allow it to bundle ancillary offers and variably price premium seats, Cush said during the call.

During the second quarter of 2015, Virgin America is implementing the International Air Transport Association's Electronic Miscellaneous Document standard through Sabre, he said. This will enable the carrier to variably price its various ancillary products and bundle them to be offered through all global distribution systems, he said.

In addition, the new standard will enhance premium-seat-pricing capabilities that presently are "pretty basic" at Virgin America, Cush said during the call, Virgin America's first since completing its initial public offering in November.

"This will free us up to go in and initially variably price those seats and then ultimately perhaps dynamically price as seats are taken out of inventory."

—VIRGIN AMERICA CEO DAVID CUSH

"We [currently] have a single price for premium seats across all routes, all seats," he said. "This will free us up to go in and initially variably price those seats and then ultimately perhaps dynamically price as seats are taken out of inventory."

A Virgin America spokesperson could not elaborate further into timing of the new capabilities.

For the fourth quarter, Virgin America reported a net income of $3.87 million, compared with $14.18 million in the fourth quarter of 2013. Excluding $24.2 million in one-time expenses, including $20.4 million related to its November 2014 initial public offering.

Virgin America's average fare during the quarter declined 1.4 percent to $204.33, and yield per passenger mile declined 1.8 percent. Passenger revenue per available seat mile increased 1.5 percent year over year during the quarter, and cost per available seat mile increased 8 percent.

For the full year, Virgin America reported net income of $60.1 million, compared with $10.1 million in 2013.

SendMyBag Preps U.S. Domestic Service, Corporate Management Portal

BY MICHAEL B. BAKER

LUGGAGE DELIVERY service SendMyBag.com is expanding operations into the United States and developing services specific to corporate accounts.

Based in Northern Ireland, SendMyBag began offering door-to-door luggage delivery, in lieu of checked bags on airlines, in the United Kingdom a few years ago and since has spread into the rest of Europe and, as of November, onto transatlantic routes in the United States. With a new office in New York, SendMyBag in March plans to begin offering services for domestic routes in the United States, said CEO and founder Adam Ewart.

With a pricing model based on "a similar amount or slightly less" of what low-cost carriers would charge to check luggage, SendMyBag has done a significant amount of corporate business, particularly with relocations in which travelers checking multiple bags could face fees from the airlines equivalent to several hundred dollars, Ewart said.

"We're finding a lot of corporate travel agents have started using it, booking on behalf of their clients, though not so much within corporations as yet," he said. "A lot is about the convenience factor—you don't have to queue for bag drop or the baggage carousel—and we've made the price factor viable as well."

Once SendMyBag rolls out domestic delivery service in the United States, it's also planning to develop a corporate account service, Ewart said. The service will not be so much for special corporate pricing—though the company would be willing to look at that "on a case-by-case basis," he said—but for better management, enabling either corporate travel agencies or travel managers to log in with an account and manage deliveries for multiple trips.

"We're more about the service front, because shipping personal effects is different from shipping commercial items," Ewart said. "We have relationships with custom authorities to eliminate the documents and get pre-clearance, so if you send me a suitcase from Belfast to New York, it's collected at 4 p.m. and delivered at noon the next day."

Additionally, the company plans to expand to more service routes, including new routes in the Asia/Pacific region, he said.

NEWSLOG

Long U.S. Tarmac Delays Drop In 2014

Tarmac delays of three hours or more at U.S. airports reached a record low in 2014, according to the **U.S. Department of Transportation**. For the full year, 30 domestic flights at U.S. airports had tarmac delays longer than three hours, and nine international flights had delays longer than four hours. That showed a decrease from 2013, when 84 domestic flights and 55 international flights faced delays of a similar length. In 2009, prior to the department's rule requiring flights to give travelers the opportunity to deplane when tarmac delays exceeded three hours, there were 868 domestic flights with tarmac delays of that length. U.S. Transportation Secretary Anthony Foxx in a statement said 2014 results show that "airlines have gotten the message" regarding tarmac delays and that the U.S. DOT would "continue to aggressively enforce our tarmac delay rules."

JetBlue Promotes St. George

JetBlue Airways promoted Marty St. George to executive vice president of commercial and planning, a position that includes leading JetBlue's sales, marketing and revenue teams, the carrier announced last month. St. George, a former **United Airlines** and **US Airways** executive, joined JetBlue in 2006 and most recently was the carrier's senior vice president of commercial. His promotion was one of five announced last month, including Jeff Martin to executive vice president of operations and Jamie Perry to vice president of brand and product development.

JAL To Shave Surcharge

Japan Airlines is decreasing fuel surcharges for tickets issued on or after April 1, the carrier announced. For sales within Japan, the surcharge as of April 1 will range from ¥500 to ¥10,500, compared with the current range of ¥1,000 to ¥14,000. For sales outside of Japan, the range is changing as follows: £2 to £55 for tickets purchased in the United Kingdom (down from £8 to £109), €3 to €67 for tickets purchased elsewhere in Europe (down from €10 to €134), and $4 to $86 for tickets purchased outside Europe (down from $12 to $173). JAL will review surcharges bimonthly based on the price of Singapore kerosene-type jet fuel.

Van Paasschen Out At Starwood

BY JULIE SICKEL

Frits van Paasschen has agreed to step down as CEO and president of Starwood Hotels & Resorts, the company announced last month.

"We have come to the conclusion that now is the right time to turn to new leadership to drive execution of Starwood's growth strategy, improve performance and sharpen our focus on operational excellence," Starwood board chair Bruce Duncan said during a Tuesday conference call.

The board appointed board member Adam Aron interim CEO while it reviews candidates to fill the position permanently.

Aron since 2006 has served as a Starwood director while acting as CEO of World Leisure Partners, a leisure-related consultancy, and as a senior operating partner at Apollo Management L.P. Aron previously held CEO positions at Vail Resorts and Norwegian Cruise Lines.

Van Paasschen is the third major executive within the past year to resign from Starwood. Former CFO Vasant Prabhu left in early 2014, while Christie Hicks, vice president of Starwood's sales organization, last month announced her plans to step down after 15 years with the company.

Frits van Paasschen

Starwood last month released its fourth-quarter and full-year earnings, which showed improved occupancy and average daily rate across all brands but a nearly flat year-over-year net income.

"We can do better," Duncan said. "If you look at our net rooms growth that we've announced for 2015, we can do better. If you looked at the top-line revenue guidance and the EBITDA targets that we put up, we can do better. The reason that we are having this call today is that we want to put into place, into action, programs and activity that deliver improved results."

Van Paasschen has served as president and CEO for seven years. He will stay on as a consultant to assist Starwood during the transition, according to a company statement.

When asked during the conference call what kind of CEO candidate the board had in mind, executive vice president and CFO Tom Mangas said Starwood is seeking someone with hospitality and brand experience.

"We're looking for someone who's a good operator," Mangas said. "A leader; someone who can galvanize the troops and move us forward to achieve our goals."

Duncan said the board has no timeline for when it would select a candidate.

Aron, meanwhile, during the call assured investors that he has "separated from almost all my other activity. This is my focus; I've got nothing to juggle."

When asked what he plans to improve, Aron said he wants to devote more effort to marketing activity, as well as drive top-line revenue growth and aggressively manage company costs.

"We really need to focus on accelerating the size of our pipeline and footprint as we seek the objective of high net rooms growth," Aron added.

Wyndham Bolsters Group Business With Dolce Buy

BY JULIE SICKEL

Wyndham Hotel Group acquired meetings-focused Dolce Hotels and Resorts for $57 million, the companies announced last month.

Dolce's portfolio includes 24 properties and more than 5,500 guest rooms across seven countries in Europe and North America. Wyndham Hotel Group stated the acquisition would significantly improve its presence in the group and meetings segment and allow it to expand its managed portfolio nearly 40 percent.

Wyndham's Geoff Ballotti

"Dolce is a terrific strategic fit for us," said Geoff Ballotti, president and CEO, Wyndham Hotel Group, a subsidiary of Wyndham Worldwide.

"For [Dolce], it preserves the nimbleness that we have as a small hotel management company," Dolce president and CEO Steven Rudnitsky said. "It also provides the capital infusion and the financial power of the Wyndham brand to grow the [Dolce] brand globally, and that is exactly what their commitment is."

For Rudnitsky, the agreement marks a return to the Wyndham Hotel Group, where he previously served as president and CEO until 2008, when he made the move to Dolce.

The move by Wyndham to increase its presence in the meetings and group segment follows two years in which group travel showed significant recovery and growth. A Pricewaterhouse Coopers lodging forecast released in November 2014 anticipated solid momentum for group travel growth to continue into 2015.

Bjorn Hanson, a clinical professor at New York University's Tisch Center for Hospitality, Tourism and Sports Management, said to expect more consolidation "especially of midsize and smaller brands."

Hanson said three main factors are driving deals between large lodging companies and midsize brands.

"One is the large lodging companies have extremely strong balance sheets. They have the ability, and in some cases almost a need, to put that capital to work," Hanson said. "If a choice comes down to buying back stock or acquiring another brand or company, the latter is much more appealing."

The second factor he cited is the appeal of a larger company's increased purchasing and distribution power and its ability to improve profits for smaller companies.

"The large companies have just become so good at what they do, it's very hard for midsize and smaller companies to compete unless they're very niche-oriented," Hanson said.

The third driver toward consolidation Hanson cited is the difficulty of financing individual hotels without any brand affiliation. Lenders, he said, have become much more sensitive to the issue of affiliation in recent years.

Marriott International To Acquire Canada's Delta Hotels

BY JULIE SICKEL

Marriott International soon will purchase Delta Hotels and Resorts for about $135 million.

Last month, Marriott announced it had signed a definitive agreement to acquire the Toronto-based brand and its 38 hotels, with 10,000 rooms located across 30 cities in Canada. The move will increase Marriott's reach to more than 120 hotels and 27,000 rooms in Canada, making it that country's largest full-service hotel company.

"With this acquisition, we are continuing our focus on building our brand portfolio and growing in attractive regions outside the U.S.," said Arne Sorenson, president and CEO of Marriott International. "Combining the strong Delta brand with Marriott's hotel development expertise will accelerate growth of the brand in Canada and in other markets around the world."

The agreement is in line with Marriott International's announcement earlier in January that it expects its portfolio of hotels that are either open or under development to surpass one million rooms by the end of 2015.

Marriott would acquire the Delta brand from Delta Hotels Limited Partnership, a subsidiary of British Columbia Investment Management Corp. Fairmont Hotels and Resorts previously owned Delta from 1998 to 2007.

The Delta deal is one of multiple large-scale acquisitions Marriott International has made in recent years. In April 2014, Marriott acquired South Africa-based Protea Hospitality Group for $186 million, making Marriott International the largest hotel company in Africa. In October 2012, Marriott finalized an acquisition of the Gaylord hotels brand and hotel management company from Ryman Hospitality Properties, formerly Gaylord Entertainment, for $210 million.

According to Barclays Capital, Marriott spends approximately $600 million on contract acquisition and capital expenditures annually. In 2014, Marriott signed agreements to add more than 650 hotels and 100,000 rooms to its worldwide system during the coming years.

Interview: ARC President And CEO Mike Premo

There are some lingering "myths" about ARC, said president and CEO **Mike Premo**, and chief among them is that the firm does little more than transaction settlement between airlines and agencies. Sure, ARC calls itself "the financial backbone of travel distribution" and at its core facilitates settlement, but the airline-owned firm also has branched out. Premo spoke with *The Beat*'s Jay Boehmer about working more closely with corporate travel managers and ARC's building of a new technology backbone, among other topics. An edited transcript follows.

Jay Boehmer: **ARC recently appointed John Pittman and Colleen Hughes to the Agency Services Group. Are these new roles?**

Mike Premo: In 2014, we sort of did a bit of an internal restructuring. We used to have a business-line focus: settlement as a business area and data as a business area, then there was sort of a catch-all business area, where if it wasn't any one of those two things, it went into this other group. Then we had sort of a separate product and operational area.

ORGINIALLY PUBLISHED IN the beat thebeat.travel

In 2014, we said we really want to focus our resources on customers. From a strategic standpoint, we think about things as needing to be attribute-driven as opposed to product- or platform-driven. What are the attributes we need to have as a company to be successful in 2020, 2025? It's not about a technology decision or what software we're going to operate or that kind of thing. It really is, do we know enough about our customers, what they're doing and what data they'd like to have?

So, really this is about adding additional resources to the agency sector. We have an airline-focused group, an agency-focused group and an emerging markets group, which is where the corporate sector resides. Those two folks were brought on to really help expand our regular contact with the top, say, 50 to 100 agencies so we're aware of where they're going and they're aware of things we're working on. Hopefully there's business possibilities within that. But that's the bet we're making: We're investing in understanding the customer, and confident the other core competencies we have will drive solutions for them in the future.

Boehmer: **You mentioned the corporate sector, and ARC recently formed a corporate advisory board. What's the goal?**

Premo: While we've had a lot of outreach to core constituents—airlines and agencies—over the past several years, there's an important voice we felt was left out of the conversation: the corporate travel sector.

There's a couple of reasons why it's important. First, we've got some interesting products and services that we're putting into the market that are targeted at them. But more importantly, both airlines and agencies really care about what corporate travel managers think. When carriers and agents have an impasse, sometimes it takes that customer perspective to say, "This needs to get fixed." Corporate travel managers are influential to both sides of that equation.

We also want to make sure corporate travel managers understand what ARC does and how our processes work, and we want to better understand what their needs are, what their perspectives are and what their hot buttons are. As we design products for both airlines and agencies, there's some end-customer consideration that goes into that.

Boehmer: **How would you characterize corporate travel usage of FareSight?**

Premo: It's fairly modest. It's fair to say that usage is not the kind of thing you're looking at every day. You're looking at it maybe quarterly as you do airline reviews. Then, if you get to the renegotiation stages at the end of your agreement, it becomes more relevant. That said, we're looking at additional versions for folks who want to use it more as a compliance tool. It's one thing to be able to say, "You're paying above-average rates in this market." A lot of time the travel manager or budget manager says, "Who is making those purchases and why?" Maybe there's a good reason or a bad reason. That would transform it a bit more into an everyday tool.

We see a lot of runway into this offering in terms of meeting customer needs.

Boehmer: **ARC is reworking the core settlement technology, right? Where does that stand?**

Premo: Last year, we kicked off the rewriting of our core settlement systems, so that's going to be a multi-year, multi-million dollar project to update. It's 25-to-30-year-old technology, Cobalt-based, and definitely in need of a refresh, which is going to be a big focus for us over the next several years.

Boehmer: **What are some of the main goals of that refresh?**

Premo: It's tough to get the balance right, because on one hand you have to stabilize your requirements, but you also have to acknowledge that things are going to continue to migrate to some extent over time. For us, really, it's about putting a platform in place that will support faster development practices and lower-cost outcomes.

We think a project like EMDs [electronic miscellaneous documents], which is a couple million-dollar investment on our side to write the software for, in a more modern set of languages and technologies might be a half-million dollar project done in six months, instead of 18 months.

Boehmer: **What can you say about the travel agency demand environment right now?**

Premo: Our picture is a little cloudy at the moment, largely because of the continuing shifts in the marketplace. We had AirTran as a ticketing carrier last year, so I think our January numbers are likely to show a year-over-year decline as opposed to an increase. [*Note: Southwest, which largely does not participate in ARC, agreed to purchase AirTran in 2010 and discontinued the brand last year.*] I don't think that's reflective of the market as a whole. I wouldn't go entirely by ARC's statistics as a gauge of overall industry health at the moment because there continue to be a lot of moving parts as things shift, as distribution strategies shift and as consolidation continues to have an impact.

Boehmer: **ARC developed a working group to examine the issue of debit memos. What's next on addressing that topic?**

Premo: I do think that engagement has been enlightening for everyone. We get a lot of encouragement to keep this process going. 2015 is a year that we're hoping to put in place some standard reason codes for memos. A big part of the work in understanding debit memos has really been a lot of manual work to look at why these memos are being issued. It's hard to get your arms around it: Is it because of taxes? Is it because of commissions? Is it because of fares, rules, corporate deals? What is it, exactly? ARC is going to undertake a lot of the heavy lifting on that topic. We are going to try to interpolate reasons so carriers don't have to do programming and things like that. We probably did 20 percent of the work, laying the foundation for that last year, but everyone agrees they want better insights into the "why" of memos. That's going to be a big focus for us.

Boehmer: **Standard reason codes makes sense—what's in place today to identify what the issue is with any given memo?**

Premo: There haven't been any industry standards around it at all. Some carriers are pretty consistent and clear about what memos are for. Some are not. It's just been a very nonstandard process. One of the tools we're working on as well is a memo analyzer tool for people who do volume, whether it's carriers or agents, to help them sort of heat-map where the problem areas are. Is it a particular agency, a particular airline, particular route, a particular type of fare? We're trying to give people the data they need to go back and look at root causes. No one likes these things.

Business As Usual (For Now) For Expedia, Orbitz

BY JAY BOEHMER

Expedia last month announced plans to acquire Orbitz Worldwide and all of its holdings, including corporate travel agency Orbitz for Business, in a cash deal valued at $1.6 billion.

Expedia's proposed $12 per share represents a 29 percent premium over Orbitz Worldwide's average share price for the five trading days through Feb. 11. Both companies' boards have approved the deal, though it awaits Orbitz Worldwide shareholder approval and other customary closing conditions.

The approach to integration for the companies and the timing of closing remained murky, according to Expedia executive commentary during a conference call last month. For now, as the deal awaits closing, it will be business as usual for their clients.

"It's difficult for us at this point to provide precise estimate of a closing date," Expedia CFO Mark Okerstrom said. He anticipated securing Orbitz shareholder approval would take "three or so months," though the extent of any regulatory review was unclear.

Even so, Expedia is looking at the "back half" of the year before integration would begin in earnest, and "the extent of the integration has yet to be fully determined," said Okerstrom.

That goes for the corporate travel business as well, and Expedia executives during the conference call gave little detail on what the transaction means for Orbitz and Expedia's respective corporate travel clients.

Bringing Orbitz into the fold, however, would bolster Egencia's sizable position in corporate travel. The Expedia-owned corporate travel management

Expedia's Dara Khosrowshahi

company is considered a "mega" travel agency by ARC standards, and last month indicated it last year surpassed $5 billion in annual gross bookings.

It's unclear exactly how much Orbitz for Business would add to that volume, as its publicly traded parent company does not break out financials for the corporate travel agency arm. Still, Orbitz Worldwide in total processed more than $12.4 billion in gross bookings last year, up 9 percent year over year, according to financial data released last month.

Rumors of a potential Orbitz sale had cropped up prior to the announcement, with Expedia emerging as a potential suitor. Indeed, Expedia has been on quite the buying spree, last year picking up Australia-based Wotif, which had some corporate travel solutions, and in January taking full ownership of Travelocity from Sabre—though its corporate-travel arm, Travelocity Business, had been sold in 2013 by Sabre to BCD Travel.

Even though Expedia has been fortifying its position in the online travel sphere, CEO Dara Khosrowshahi did not anticipate severe regulatory scrutiny.

"On the regulatory front, I would remind everyone that this is an absolutely huge industry," he said. "It's a $1.3 trillion industry that is growing very quickly." Indeed, the market in his view is "highly fragmented," as he threw the likes of Google as well as travel supplier websites into the competitive mix.

"We're in the business of travel distribution, connecting travelers to ultimately the owners and the operators of hotels and airlines and car companies," he said, "and in that business, the players are diverse."

Expedia anticipates revenue synergies, spotlighting Orbitz's access to its hotel inventory and cross-selling opportunities. There are cost synergies, too, as some public company costs, duplicative functions and other expenses would be stripped out, said Okerstrom.

Given the variety of Orbitz-owned brands, which includes its namesake as well as Ebookers, HotelClub and CheapTickets, integration poses more challenges than one-note Travelocity. Even so, Okerstrom said Expedia has become "very good at integrating companies."

Travelocity in January, Orbitz last month—is there more to come?

"As far as the pace of acquisitions goes, I think the team needs a little sleep here," said Khosrowshahi. But, Expedia would continue to be "opportunistic."

Egencia Eyes 'Disruption'

Expedia's corporate travel outlet, Egencia, reported an 11 percent year-over-year rise in fourth-quarter gross bookings, helping to lift the travel management company over the $5 billion mark for all of last year.

Khosrowshahi during an earnings call last month said Egencia "is growing at healthy rates" and "signing up new business at a fast pace."

Egencia signed $1.2 billion worth of new business last year and saw particular strength in the U.K. market, where it added 150 clients and reported a 21 percent year-over-year rise in gross bookings, according to parent Expedia.

Overall, Egencia's full-year gross bookings were up 14 percent from 2013 levels. "We believe this business can grow nicely on an organic basis, but we'll continue to look opportunistically at acquisitions to accelerate growth and further scale the business over time," said Khosrowshahi.

Meanwhile, he said Egencia is focused on delivering best-in-class technology as it takes on the "legacy" competition.

"With this business," he said of Egencia, "we're mostly focused on industry disruption, bringing more new products and services and better technology to corporate customers. And although they remain much larger than Egencia, we see the big legacy players on their back foot trying to figure out how to deliver technology and tools to compete effectively with Egencia and other online offerings."

Egencia's 2014 fourth-quarter revenue rose 4 percent from the prior year, with full-year revenue up 10 percent to nearly $400 million. Fourth-quarter adjusted earnings before interest, taxes, depreciation and amortization fell to $10 million from $18 million in 2013.

Concur Seeks Transaction Fees, Not Overrides, For Airline TripLink Bookings

BY JAY BOEHMER

Concur is looking to get in on some corporate travel distribution revenue as it courts airlines to adopt its TripLink open-booking solution.

The booking and expense provider has floated to airlines a per-transaction fee that comes in under $2, based on conversations with executives from several carriers. Concur declined to comment on the figure, but confirmed it charges airlines using TripLink "a small fee for the travel authentication and data services," according to a spokesperson.

That is to be expected, and Concur for a while has envisioned a transaction fee model for TripLink, which enables companies to capture data and apply corporate benefits to bookings made on supplier websites.

In seeking airline buy-in, Concur has emphasized that any proposed transaction fee would cost less than a booking transacted via a global distribution system, airline executives noted.

A couple of airline executives said Concur also has broached back-end revenue opportunities, though pricing pitches have centered on a transaction-fee model. To that, Concur in a statement replied, "We do not look for back-end, override-type revenue agreements or rebates" in airline agreements.

Indeed, "None of Concur's deals have anything to do with share shift or overrides or commissions or any of the traditional TMC compensation models," according to the Concur spokesperson.

Transaction revenue has been the focus for a while. Asked during an April 2014 earnings conference call about how TripLink would contribute revenue, Concur CEO Steve Singh included this in his response: "We think there also is a transactional opportunity on the supplier side related to TripLink, but we are in the very, very early stages of that piece of it."

Since then, Concur has announced two airlines, Air Canada and United Airlines, among the travel suppliers that have committed to the program. Of course, Concur also has pitched other airlines on TripLink.

Air Canada and United Airlines indicated TripLink should be up and running early this year. The former did not reply to requests for an interview or update, while United is "continuing active development with Concur on TripLink, but we don't have an update on the timeline," according to an airline spokesperson.

United last year noted that client demand, not distribution cost reduction, drove its participation in TripLink. Then, as now, United declined to disclose commercial terms of its TripLink arrangement.

Chrome River Finding Post-GERS Expense Niche

BY JoANN DeLUNA

During the early days, and perhaps even early years, of expense management provider Chrome River's existence, when people at parties would ask co-founder and CEO Alan Rich what his company did, nobody really understood his answer.

"They would just glaze over and say, 'What?' " he recalled.

But times in the travel and expense management world have changed since the company's 2007 launch. IBM in May 2014 acknowledged it would retire its longtime Global Expense Reporting Solution, choosing as a partner expense provider Concur. In another twist, IBM competitor SAP in December acquired Concur in an $8.3 billion deal, one of the biggest cloud technology acquisitions in history.

"One of the things that was good about the [Concur] acquisition was that people were pretty impressed with the valuation Concur got, and it made everyone realize that this is a really cool and exciting area of the industry," Rich said. "T&E is not boring—it's exciting."

While SAP and Concur CEO Steve Singh have said Concur will continue to operate as a "separate business unit," it is unclear what will become of SAP's own Cloud for Travel and Expense product. Rich believes SAP ultimately will sunset the solution, opening up more opportunities for Chrome River to win clients.

Chrome River CEO Alan Rich

"It hasn't been formerly announced, but it only makes sense, and I think all of their customers are assuming that as well," Rich said. "We always thought we had three big competitors: SAP, Oracle and Concur. … Now we've gone from three to two competitors, and for us that's a really good thing."

IBM's planned exit from expense reporting also has led Chrome River to several client wins. The firm in August 2014 announced former GERS client Harman International, with 13,000 employees, as a new Chrome River client.

Late last year, Goodman Networks, with 5,000 employees, chose Chrome River to replace GERS. Other wins of former GERS clients in the fourth quarter of 2014 included food and beverage distributer KeHE, which has 4,000 employees; media company Salem Communications, which has 500 employees; and aerospace and defense technology company Data Device Corp., which has 350 employees; among others.

"All these customers are really knowledgeable because they're coming off of a pretty sophisticated system that IBM had, so it's an excellent validation for us to fit in large organizations," Rich said.

Chrome River claimed two additional wins in the fourth quarter that weren't former GERS clients: Manufacturer of household products Masco Corp., which has more than 20,000 employees, and an undisclosed company with about 45,000 employees.

Last month, the International Air Transport Association chose Chrome River as its expense provider across 50 countries and will integrate the system with its SAP enterprise resource planning and travel management system.

Chrome River in December 2014 processed 1.2 million transactions, a 42 percent increase year over year, it said.

Funding Success

Chrome River in January 2014 raised $17 million in Series C financing. The company at the time said it planned to use the funds to expand into U.S. and other markets as well as add new product features. A year later, the company said it has delivered.

"We're a big believer of that when you grow, you have to grow proportionately across all the different dimensions in the company," Rich explained.

The funding was distributed to "every part of the business," meaning Chrome River has increased its sales team by a third in the United States and the United Kingdom. It also has grown its support team so that it can handle a wider range of service hours globally.

Chrome River has and continues to invest on integrations with third parties for business analytics and mobile services. In June 2014, it partnered with Grasp Technologies for travel data and Western Union Business Solutions for cross-border payment processing. Most recently, it completed a project with American Express for card integration and real-time data feeds.

"We're seeing a lot of corporate credit card integrations that are interesting and challenging to do all the time, but are particularly challenging to do on a global scale," Rich said when asked what kinds of solutions travel managers are seeking. "The same kind of challenge sometimes occurs in dealing with the travel management company."

Additionally, Chrome River is working on a data analytics and exploration project, called Data Discovery, that involves reporting, dashboards and big data. It partnered with software company Information Builders to use each other's technologies. Rich said Chrome River will apply tools used in other technology sectors to the travel industry's specific business problems in an effort to discover data patterns.

MasterCard: As U.S. Standard Nears, EMV Migration Progressing 'Nicely'

BY JoANN DeLUNA

FREQUENT INTERNATIONAL business travelers may be accustomed to seeing a small silver or gold rectangle above the first four numbers of their corporate cards, while others have experienced the inconvenience of not having that minichip when using their cards at terminals or ATMs abroad. With chip-and-PIN technology on Oct. 1 set to become the standard in the United States, you already may have started noticing a lot more chip-enabled cards and terminals.

"The U.S. migration to EMV [EuroPay, MasterCard and Visa standard payment cards] overall is progressing very nicely," said MasterCard senior vice president of product delivery Carolyn Balfany. "There are about 1.2 billion cards in the market with U.S. consumers today, and we think by the end of 2014, across all brands, there were something between 100 million and 150 million cards already chip-enabled.

"More importantly, if we look toward the end of 2015, we believe greater than half of all U.S.-issued cards and merchant terminals will be chip-enabled."

While MasterCard did not provide specific numbers for corporate cards, Balfany said MasterCard expects that it would be "similarly proportionate, so better than half of all [corporate] cards would be enabled."

EMV or chip-and-PIN embedded technology authenticates transactions that users can verify using personal identification numbers or signatures. This process has been shown to reduce credit card fraud better than traditional magnetic swipe cards in countries that began adopting the technology as early as 2001. Chip cards still can be used at terminals that are not chip-enabled.

> The new standard will shift the liability to merchants who have not upgraded their terminals or to issuers who have not provided chip-enabled cards.

The new standard will shift the liability to merchants who have not upgraded their terminals or to issuers who have not provided chip-enabled cards, both of which could have prevented fraud. Travelers and consumers typically are not liable in cases of fraud.

American Express has provided chip-and-PIN cards for more than 10 years in Australia, Canada, France, Germany, Spain and the United Kingdom. In the United States, chip-and-signature cards are available upon request for all consumer cards, small business and corporate cards, according to American Express spokesperson Melissa Banas.

Not all Visa chip cards will be authenticated with PINs and instead will require signatures, according to a Visa spokesperson.

"Well over 50 percent" of U.S. BMO cards and all U.S. ATMs are now chip-certified, BMO vice president of North American corporate card products Steve Pedersen told *BTN* in an email. BMO last year announced it would begin issuing chip corporate cards upon renewal and as they need to be replaced. Similarly, Bank of America Merrill Lynch last year also announced it would replace corporate cards with chip cards at the time of renewal.


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20 Years Of Change Augurs The Future

BY BILL KERR
CHIEF MARKETING OFFICER
TCG CONSULTING

When Albert Taras established TCG Consulting more than 20 years ago in Miami, he had no way to predict the unprecedented changes that would occur across all facets of the corporate travel industry during the ensuing years.

"Back in 1994, the primary marketplace dynamics that impacted corporate programs included managing supplier commission reductions and new direct corporate agreements. Additional drivers include program evolution to global platforms and technology advances enabling new fare-search sources via the Internet," commented Taras.

As companies expanded and created multinational and then global operations starting in the late 1990s, the urgency to create and implement a strategic plan for global corporate travel was becoming apparent to innovative firms.

Initially, many advanced strategic concepts that originated in the United States failed to gain traction at the local market level globally. Today, a more regional and global approach is required.

Another trend, driven by technologies which have emerged since 2010, is the shifting role of travel agencies in the value chain. Taras commented on this change: "The traditional business model—companies engage an agency partner, inclusive of the agency's preferred support configuration of technologies and suppliers—now has the potential to be evaluated independently. Companies can choose to implement a 'build our own' strategy via direct sourcing of new tools based on unique and evolving reporting, financial, risk management and geographic segments. This unbundled company strategy across critical program components—global distribution systems and content, online booking tool management, security and risk management, account management functions, profile, mobility, sourcing and more—is redefining the role of the agency within corporate travel as a program and operational enabler."

The single-agency global support model strategy also is experiencing a shift. "In the late '90s and early 2000s, leading companies expanding globally saw 80 percent of their spend coming from 10 to 12 markets," Taras said. "In 2010, 80 percent of travel came from 25 to 30 markets. As of 2014, many program spend patterns have spread to the point that 80 percent of the total spend is spread among 60, 70, even 100 global markets. As companies continue to see spend concentration becoming diffused, many find a customized multi-agency support model is the optimal configuration. We are seeing upwards of 40 percent of our clients who operate a global platform using a multi-agency model."

The multi-agency support model does create challenges:

- **Command and control**: Localized support and customization benefits of a multi-agency model are tangible, but recent trends also show a potential "command and control" risk in certain circumstances, bringing higher costs due to supplier and multi-agency integration, complexity, overlap and coordination issues. Taras urged companies to "conduct effective due diligence and not be dissuaded from evaluating a multi-agency approach due to the significant benefits that may be available."
- **Account management**: When delivered as a bundled solution, account management costs average between 11 to 24 percent of total agency fees, with 17 percent as an approximate average mean and benchmark. "Companies now desire a true and transparent program management cost/value analysis that can be measured and critically evaluated, especially where there may be redundancy in account management support functions," said Taras.

As the Internet and mobile technologies are now fundamentally altering how we interact and conduct business, what are some leading indicators of what the next 20 years might hold?

Demographics and mobility strategy: Millennials have never known life without the Internet, demanding the "always on" immediacy of new technologies, especially mobile. This trend must be addressed by corporate travel programs. An optimal user experience in corporate travel serves as an effective retention and recruitment tool and point of differentiation. In addition, as this generation advances into leadership roles, the willingness to adopt advanced technologies and strategies becomes much more pronounced.

Seamless integration of travel, meetings, payments and expense: Innovative tools are enabling companies to create a truly integrated strategy. Back-end data drives front-end strategy and decision support, including purpose-of-trip and demand-management functions.

Elimination or further reduction of corporate direct discounting: Industry consolidation, alliances and supplier discipline will all continue to perpetuate a supplier seller's market that started in 2008 and shows no sign of abating. Taras posed a question: "Could a next step include reduction or even elimination of corporate direct discounting? If this occurs, how would companies and other members of the corporate travel ecosystem need to alter their strategy, policies and processes?"

Meetings: Integrating transient and hotel spend and establishing integrated reporting and payment, common sourcing, contracting and risk policies—all are possible for a company committed to an optimized meetings strategy.

Harnessing big data: Effectively harnessing, filtering and applying big data as part of a company strategy will produce tangible results. These can be realized across cost control, policy, user experience, influencing behavior during trips, enhanced risk management and reporting, among other aspects.

When asked what the last 20 years of history could teach us about the future of the corporate travel industry, Taras replied, "While technology can serve as an outstanding enabler, corporate travel programs will only be as effective as the strategy they have created and how they align with the strategic imperatives of the organizations that they serve. This will include integrating systems, effective policy, detailed reporting, supplier programs and securing senior leadership support."

BTNGROUP

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 mmcnulty@thebtngroup.com

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

MARIZA MOREIRA, Group Design Manager
(201) 902-1965 mmoreira@ntmllc.com

ALICIA EVANKO-LEWIS, Sr. Vice President, Events
(646) 902-6244 aevanko@ntmllc.com

TAHNEE PERRY, Vice President, Marketing
(646) 380-6272 tperry@ntmllc.com

LINDSAY STRAUB, Events Marketing Manager
(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
lavtan@singnet.com.sg

NORTHSTAR TRAVEL MEDIA
100 Lighting Way
Secaucus, NJ 07094
www.northstartravelmedia.com

Chairman and Chief Executive Officer
Thomas L. Kemp

Chief Financial Officer
Lisa Cohen

President/Travel Group
Robert G. Sullivan

Executive Vice President, Digital Media
Thomas Cintorino

Executive Vice President/Group Publisher
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