

BTN'S 25 MOST INFLUENTIAL

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BusinessTravelNews

January 25, 2016

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Above: Jonathan Linen (American Express), Leo van Wijk (KLM),
Mary Bastrentaz (Accenture), Michel Taride
(on behalf of John D. Hertz) and hotelier Mike Leven

ADVERTISING COVER

Business Travel News January 25, 2016

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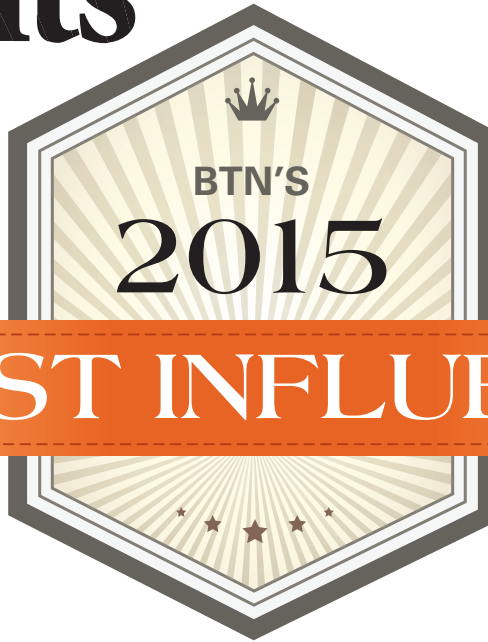
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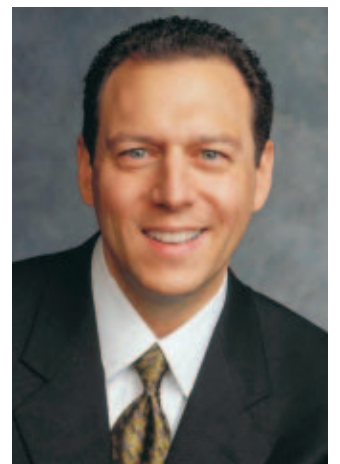
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U.S. Court Grants Stay To American Express, Allows Card Issuer To Restore Merchant Steering

BY JoANN DeLUNA

American Express can continue prohibiting its merchant clients from steering customers to less expensive forms of payment, the card network confirmed to *BTN*. A U.S. appeals court has ordered a temporary stay on an April decision that required Amex to amend its anti-steering rules after Amex lost its lawsuit to the U.S. Department of Justice in February 2015.

"As long as this order remains in effect, American Express is no longer subject to the trial court's injunction," an Amex spokesperson wrote in an email to *BTN*. "We are evaluating next steps, but under the order issued, American Express is entitled to enforce its pre-injunction Non-Discrimination Provisions."

The Saga Continues

Amex has been fighting the case since 2010, when the Department of Justice first brought the suit against the three major card companies, including MasterCard and Visa.

In February, U.S. District Judge for the Eastern District of New York Nicholas Garaufis concluded Amex's merchant agreement provisions violated federal law and constituted "unreasonable



"Most merchants, despite the fact that they love to complain about how much it costs to pay for stuff, still want to sell more stuff than not, so there isn't a general willingness to try to significantly influence the consumer."

— CREDIT SUISSE'S MOSHE ORENBUCH

restraints on trade." The court gave the card network 30 days to amend or eliminate the nondiscrimination provisions. The ruling prompted *BTN* to name the judge one of 2015's 25 Most Influential in the Business Travel Industry (see page 21).

Amex, maintaining that the ruling would harm consumers, appealed the decision and requested a stay until the appeal process concluded. In May, the court denied Amex's request for a stay because it determined that during the appeals process, Amex would be able to sustain any economic harm suffered as a result of merchant steering, and that the card network failed to prove its anti-steering provisions were necessary

for competition. As part of this decision, however, the court granted Amex 30 days to seek a longer stay from an appeals court.

After 30 days, merchants were free to steer customers from Amex to preferred forms of payment, while the appeal proceeded. The recent appeals court decision changes that.

What It Means

When asked about the impact of the lawsuit, Amex CEO Jeffrey Campbell said during the company's third-quarter earnings call the ruling had not yet had an impact on its business.

According to one analyst, that's because steering hasn't gained traction since the

April decision. Likewise, consumers may not have experienced much impact from the back-and-forth appeals process to grant Amex a stay.

"There hasn't really been a significant move towards steering and the whole concept of steering will have very limited utility," said Credit Suisse analyst Moshe Orenbuch. "Most merchants, despite the fact that they love to complain about how much it costs to pay for stuff, still want to sell more stuff than not, so there isn't a general willingness to try to significantly influence the consumer."

On the contrary, there's a risk of losing business if customers can't use their preferred methods of payment, he added.

Had other card networks made a bigger push for steering following the decision, the impact could have been bigger, "but I don't think that happened," Orenbuch said.

The court's decision to grant a stay shouldn't be indicative of Amex's likelihood of winning the appeal, according to Orenbuch. The decision, he said, likely had to do with an expectation of fairness. Penalizing a company for the entire life of the appeal could be perceived as unfair, but "this makes more sense," he said. 🔄

United, Delta File For Dismissal Of Newark Slot-Swap Suit

United Continental Holdings and **Delta Air Lines** separately have requested that the **U.S. Department of Justice** dismiss an antitrust lawsuit that challenges their slot swap at John F. Kennedy International and Newark Liberty International airports. The suit, filed in November, argues that the deal gives United too much dominance at the airport. The DOJ must respond to the filings by Feb. 12. A trial is set to begin June 21 if a settlement is not reached in the interim, according to Reuters.

Frontier Plans 42 New U.S. Flights

Low-cost carrier **Frontier Airlines** will add 42 nonstop domestic routes to its network in April, expanding service from Austin; Charlotte; Cincinnati; Cleveland; Houston; Kansas City; Milwaukee; Nashville; New Orleans; Phoenix; Seattle; Raleigh/Durham; Portland, Ore.; and St. Augustine, Fla. They'll generally operate three or four days per week.

AC Hotels Plans 50 Hotels In Three Years

AC Hotels by Marriott will open 22 hotels across nine countries this year. Five will open this month, in Cincinnati; Boston; Marseille, France; Guadalajara, Mexico; and Queretaro, Mexico. The remaining properties slated to launch in 2016 will be in Chile, Panama, Brazil, Poland, Germany, the United Kingdom and the United States.

Lyft Raises \$1 Billion, Half From GM

Rideshare service **Lyft** has closed \$1 billion in funding, including \$500 million from **General Motors**. GM also will supply vehicles for short-term use by Lyft drivers via rental hubs across the United States. Longer term, GM will work with Lyft to develop an on-demand network of self-driving cars.

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Cvent CEO Reggie Aggarwal on his company's sale of CrowdTorch to Vendini for \$3 million after purchasing two ticketing assets from different sources for a total of \$10 million and combining them into CrowdTorch:

“With the success of our corporate event cloud and hospitality cloud solutions in the marketplace, the divesture of our consumer ticketing assets will enable us to focus more of our attention, resources and efforts on the corporate and enterprise market.”



The U.S. Department of Homeland Security on pushing back until Jan. 22, 2018, the date when passengers must have identification that complies with the Real ID Act in order to board a plane:

“[The delay provides] an ample opportunity to replace their pre-REAL ID licenses with new compliant licenses or to obtain another acceptable form of identification.”



Wyndham Worldwide Corp. in a statement after it settled a lawsuit with the U.S. Federal Trade Commission over a data breach that compromised more than 500,000 payment card accounts, agreeing among other terms to establish a data security program to protect cardholder data processed in the United States:

“We chose to defend against this litigation based on our strong belief that we have had reasonable data security in place and that the FTC’s position could have had a negative impact on the franchise business model. This settlement resolves these issues and sets a standard for what the government considers reasonable data security of payment card information.”



Hilton Worldwide's John Greenleaf, then working on its DoubleTree brand but moving this month to Hilton Garden Inn: “The meeting experience is something that we’re always looking

to find a way to improve because when you look at hotels and especially technology in hotels, meetings still operate very much the way they have for a very long time. That could either mean they’re perfectly fine the way they are, or it could mean that perhaps nobody spent enough time to find a better way to do it.”

American Airlines Post Merger



The bulk of American Airlines’ merger with US Airways—from a customer-facing standpoint, at least—is behind it. Chief information officer Maya Leibman spoke with *BTN* transportation editor Michael B. Baker about what still needs to be done to complete the integration, as well as the carrier’s coming technology priorities.

Business Travel News: What remains to be done in the integration?

Maya Leibman: There’s a really big chunk of systems that we’re going to do in 2016 and 2017. While the [passenger services system] and reservations system represent the customer-facing applications—we got to one website and one mobile application and one self-service machine application—what we haven’t done yet is all the flight operating systems: how we dispatch aircraft, weight and balance and how we manage crews associated with each flight. All of that is still basically run from two different systems, and we need to integrate those.

BTN: What’s the timeline for that?

Leibman: A big chunk of that will happen later this year, the flight movement and the pilot crew management system. In 2017 comes the flight attendant crew management system. Then, even beyond that, come all of what we call tech ops, or the maintenance and engineering systems. These are not as visible to customers but are very complex system integrations that need to happen over the next several years.

BTN: Do you have a target date?

Leibman: By the end of this year, and by the end of 2017 we will have a big chunk of it done. There will be things that go into 2018 and 2019 pretty easily, but we are going to be largely done by the middle of 2017.

BTN: What are the IT priorities at American Airlines this year?

Leibman: There are four areas we’re focused on, one being continuing the integration. For those areas done with the integration, like the customer-facing stuff, we have business groups that, for the past two years ... have been working on nothing but integration. Now, there is two years worth of pent-up demand in these organizations, saying, “Where are my next-generation loyalty program and different ways to think about segmenting customers, like a basic economy-type product?” We’re focused on addressing the next-generation commercial projects. The third is really around reliability and stability of our systems, the basic technology hygiene. The fourth is a bucket of cool stuff: What’s our

cloud strategy, what are we doing around analytics and Big Data and around mobility and unified communications and agile development?

BTN: Which of those will be primarily customer facing?

Leibman: Some of the biggest stuff is going to be around the next-generation loyalty program. You may have seen, Jan. 1, we implemented phase one of that, which is introducing weighted elite-qualifying miles and removing the elite-qualifying points. We are looking at a basic economy product to be competitive with low-cost carriers and a Premium Economy product we’ve already announced, so essentially a new cabin. A lot of things around our mobile app we’ll be introducing soon. Right now, you can only get your own boarding pass via the mobile app, but if you’re traveling with your family, you’ll be able to get boarding passes for your entire family on your phone.

BTN: Anything on the sales and distribution side?

Leibman: There’s a CRM-related project that we’re doing for the sales organization. Similar to Salesforce, it’s really about how we communicate and collaborate better with our corporate accounts.

BTN: Have you considered bringing reservations in-house, as Delta has done?

Leibman: Delta had a different issue with Travelport. We have a good relationship with Sabre, and Sabre is going to continue to manage the reservations system.

BTN: There was a Bloomberg Business report that a computer breach by Chinese hackers hit American and Sabre this summer. What is American doing to beef up its security?

Leibman: That article that came out in the summer, it was very speculative. In the end, after an enormous amount of forensic analysis, American did not experience a breach this summer as reported. That said, cybersecurity and the focus on that is always top of mind for a company like ours, and we have a very comprehensive cybersecurity program. Every day, we are thinking about how we can advance that and where we should be investing to stay one step ahead in this world of advanced, persistent threats. 🔗

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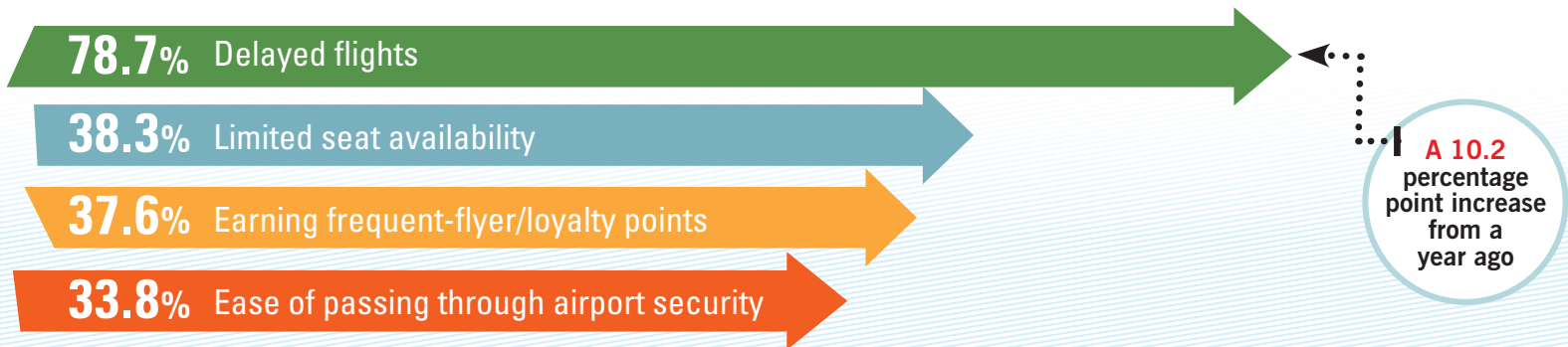


2016: THE YEAR OF THE TRAVELER

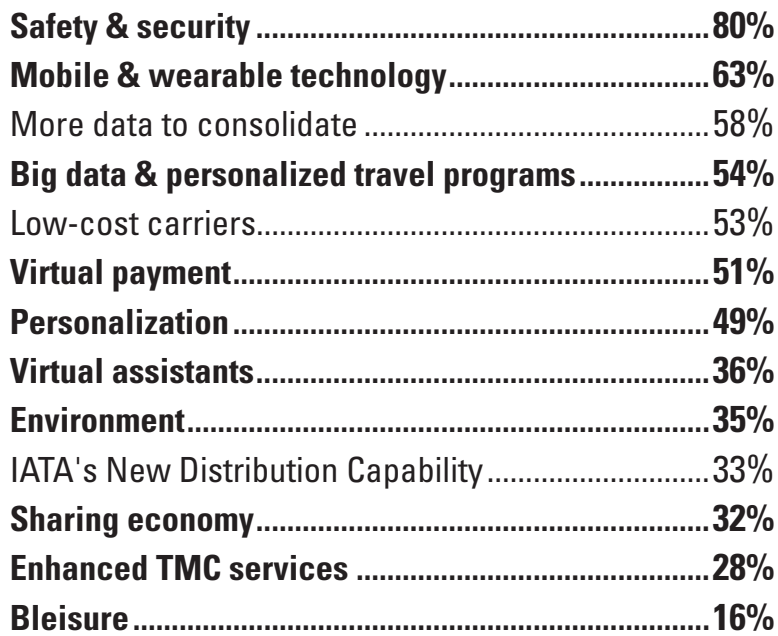
THE NUMBER OF BUSINESS TRIPS WILL HOLD STEADY, IF NOT INCREASE, IN 2016
 ANTICIPATED CHANGE IN BOOKING LEVELS FROM 2015, AS COMPANIES INDICATED TO THEIR TRAVEL AGENTS



HERE'S WHAT'S ON ALL THOSE TRAVELERS' MINDS HEADING INTO 2016
 PERCENTAGE OF AGENTS WHO PLACED EACH FACTOR AMONG THEIR BUSINESS TRAVELER CLIENTS' TOP THREE CONCERNS



THE TRAVELER EXPERIENCE DOMINATES 2016'S HIGH-IMPACT TRENDS
 TRAVEL MANAGERS WHO EXPECT EACH TREND TO HAVE A HIGH IMPACT ON THEIR PROGRAMS



Mobile & Wearable Technology

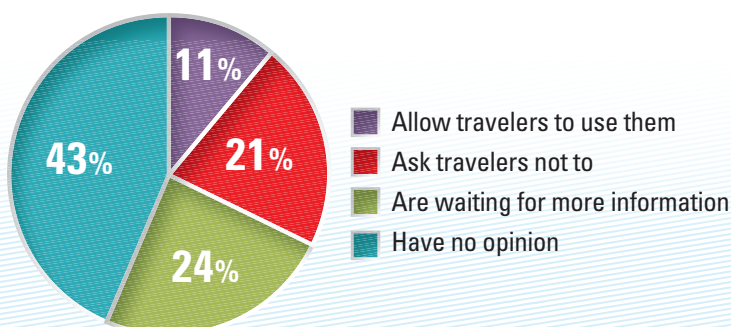
Half of all travelers in the United States and France are likely to purchase a wearable device in the next few years.

44% of airlines intend to use beacon technology to send location-based signals to improve services and connections with customers by 2018.

53% of all U.S. travelers would let airports track their devices if it means real-time updates on security lines, wait times at customs and ticket counters, walking times between gates or other benefits.

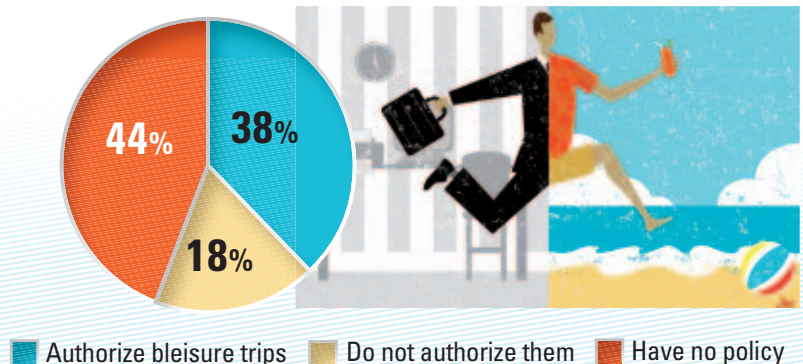
Sharing Economy

What travel managers think of sharing economy suppliers



Bleisure

Travel policy on combining business & leisure trips



Source: Survey of 423 Travel Leaders Group agents with a roster of at least 50 percent business travel clients, conducted from Nov. 17 to Dec. 8

Source: Carlson Wagonlit Travel online survey of 1,016 travel managers/travel buyers from 515 organizations in 55 countries, conducted in October & November 2015
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25 MOST INFLUENTIAL

BTN's 2015 25 Most Influential includes executives from three airlines with contrarian models—Lufthansa, Etihad and Spirit—that are forcing legacy carriers to pay attention. Delta's Dave Holtz also makes the list representing a large carrier that leads the industry in performance—and promises its corporate clients it will continue to do so. American's Maya Leibman, meanwhile, makes the cut for showing the rest of the industry how mergers are done.

BTN also named four innovative travel managers among 2015's 25 Most Influential, as well as six technology pros, including Choice Hotels CEO Stephen Joyce; five leaders of suppliers that grew their businesses; four civil servants who have changed the business world; and one bank CEO who threw the world for a loop by reigning in his company's card business to its North American home.

5 MODEL AIRLINES



LUFTHANSA GERMAN AIRLINES CHIEF COMMERCIAL OFFICER
JENS BISCHOF

The Distribution Dissident

"It's not about the fee or the charge. It's about broadening the choices of distribution and lowering the cost of distribution."

When Lufthansa first announced its €16 fee on bookings made through global distribution systems, many shrugged it off as a negotiation tactic or a gambit doomed for a quick reversal. Chief commercial officer Jens Bischof, the man behind the controversial fee, remains quick to say it has a broader purpose. "It's not about the fee or the charge," he said. "It's about broadening the choices of distribution and lowering the cost of distribution by enhancing the possibilities we have in displaying our products and service."

Since the June 2 announcement, Bischof and other Lufthansa executives have maintained that the strategy eventually will become a new standard for the airline industry, particularly as GDS contract expirations, and thus negotiations, roll around for other carriers. Even though no major European or U.S. carriers yet have joined Lufthansa in assessing the fee, the move already has influenced Lufthansa's relationship with others on the supply chain. In June, the first month, Lufthansa established direct connections with some Europe-centric wholesalers, distribution consolidators and tour operators. Now, the carrier is working on a direct-connect solution with two of its biggest corporate customers, which it aims to have in place this year, Bischof said.

—MICHAEL B. BAKER

ETIHAD PRESIDENT & CEO
JAMES HOGAN

The Thorn In U.S. Air Carriers' Sides

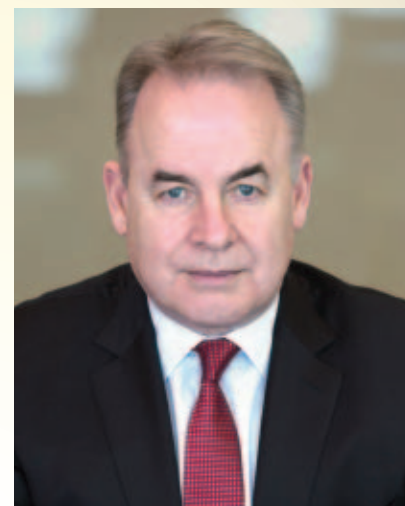
The Gulf carriers were sending 25 aircraft daily to the United States in May 2015, compared with only one departure among them a decade earlier. The colossal capacity increase there and worldwide, combined with plummeting oil prices, means plenty of pricing pressure. U.S. airlines responded by lobbying Congress, unsuccessfully so far, to limit the Gulf carriers' landing rights, claiming they benefit from \$100 billion of state subsidies and from nonunionized workforces with few rights.

The smallest and youngest of the trio is Etihad. Launched in 2006, it flies 111 aircraft to 111 destinations, and it compensates for its size with a global alliance of carriers. The Etihad Airways Partners network includes Air Berlin (in which Etihad owns a 29 percent stake), Air Serbia (49 percent), Air Seychelles (40 percent), Alitalia (49 percent), Etihad Regional (formerly Darwin Airline, 33 percent) and Jet Airways (24 percent).

EAP serves 580 destinations and is sold as a cohesive proposition to corporate clients. "It opens up new markets beyond our organic growth and codeshares alone and allows us to compete meaningfully for corporate business," Etihad president and CEO James Hogan told *BTN*. "A key benefit is to have one contract across EAP partners and one point of contact. It saves time and money on both sides of the equation and provides a seamless service experience."

Hogan described 2015 as a "phenomenal year" with 150 percent network growth. U.S. carriers may be relieved to learn he has ruled out significant additional transatlantic capacity for Etihad, but he has warned of more United States-bound routes next year for Air Serbia and Air Berlin. Transatlantic expansion also could follow for Alitalia when it exits its joint venture with Air France-KLM and Delta Air Lines in 2017.

—AMON COHEN





DELTA AIR LINES SENIOR VICE PRESIDENT OF OPERATIONS AND CUSTOMER CENTER **DAVE HOLTZ**

The Lifter Of All Boats

"[Other carriers] realize if they don't come up with something like [a performance guarantee], they're going to fall behind."

Riding into 2015 on its industry-leading operational performance, Delta Air Lines last year moved beyond bragging rights and now uses its record to its financial advantage, motivating other carriers to up their games.

It was in 2011 that Delta "turned the corner from mediocre operation to excellent operation," said senior vice president of operations and customer center Dave Holtz, who led the charge. It all stemmed from Delta "starting to think more like a customer," doing everything it could to minimize delays and cancellations, including opening more maintenance bases and better synchronizing arrivals and departures at hubs, he said.

By 2013, Delta by its own accord achieved 95 days with a 100 percent completion factor, compared with United Airlines and American Airlines' collective 10 days, and was leading in on-time performance.

Delta increasingly is using that as a marketing tool, including with corporate customers, Holtz said. In July, it introduced the Operational Performance Commitment, a contract that if corporates meet certain requirements and the carrier's performance falls below both that of United and American, it will compensate those corporate customers.

By the end of 2015, United had followed up with a similar guarantee. Holtz said Delta welcomes other carriers following suit. "They realize if they don't come up with something like that, they're going to fall behind," Holtz said. "We say all the time, you can't run a great airline and have everybody else run a terrible airline, so we don't mind that other airlines are decent."

Delta leveraged its operational record in another way, as well: to be more aggressive with interline agreements, which allow carriers to rebook passengers on each other's flights during irregular operations, such as bad weather. Delta's best-in-class operational record meant it was accommodating more of its competitors' passengers than the reverse, according to Delta. In August, United signed a new agreement that raised its reaccommodation payment to Delta, but American declined the next month, ending the interline agreement between the two carriers.

Even from its leadership position, Delta has set a goal to improve its performance in 2016, Holtz said. In particular, the carrier aims to improve its regional partners' operations, as well as the way it treats travelers affected by delays and cancellations. "We're surveying and listening to our customers, making sure we can change with them or ahead of them," Holtz said.

—MICHAEL B. BAKER



FORMER SPIRIT AIRLINES CEO **BEN BALDANZA**

The Lowballer

The unabashedly no-frills Spirit Airlines is unlikely to find widespread use as a preferred corporate carrier anytime soon. Its model, however, is a different story.

A frequent target of traveler ire, often by travelers who don't grasp the model and are shocked by the associated fees, Spirit has built its business on ultra-low fares that include little more than a seat somewhere on the plane. Seat selection, carry-on luggage larger than a purse or small backpack and even a cup of water all carry an extra fee.

Led by president and CEO Ben Baldanza for the past decade until his resignation on Jan. 5, the company has forced other carriers to compete for comparison-shopping travelers. Delta Air Lines several years ago introduced a Basic Economy fare for select markets in which it competes directly with Spirit, and it began expanding the offering in late 2014. While not as draconian as a basic Spirit fare, Delta's Basic Economy fare precludes seat selection, ticket changes and complimentary upgrades for Medallion members.

American Airlines appears set to introduce a similar fare type this year. "Spirit at DFW is our No. 2 competitor, larger than either Delta or United," American Airlines president Scott Kirby said during the company's third-quarter 2015 earnings call. "In Chicago, they're the No. 3 competitor. Given that 50 percent of our revenue is up for grabs in these markets and that these carriers have had so much success when they weren't matched, we know that we have to match their fares."

While they can suppress basic fares in booking tools, travel buyers worry about travelers booking them without understanding the restrictions. In fact, Basic Economy fares proved a rare area in which buyers leveled criticism at Delta in *BTN's* annual Airline Survey in December.

—MICHAEL B. BAKER

AMERICAN AIRLINES CHIEF INFORMATION OFFICER **MAYA LEIBMAN**

The Smooth Integrator

"With something so big and complex like [American Airlines' merger with US Airways], you never know what can go wrong, but those two years ... having envisioned every possible thing that could happen really helped."

From a traveler's perspective, American Airlines' mid-October switchover of US Airways, the carrier it bought in 2013, to its reservations system was just another day at the airport, thanks in large part to the leadership of chief information officer Maya Leibman. The uneventfulness was actually a huge achievement.

Combining reservations systems after a merger is an intricate process that can create snags for travelers, as United Airlines discovered when it switched to the Continental reservations platform in 2012. Avoiding such disruptions while US Airways' Shares system migrated into American's Sabre system required "two solid years of preparation," Leibman said.

"Our thinking throughout this and what we were focused on was reducing risk," she said. "Every question that was posed and every decision we needed to make, we would ask, 'Will this increase or reduce the risk associated with the entire program?'"

Unlike United's 2012 fiasco—and like Delta Air Lines had done with its own merger with Northwest Airlines in 2010—American spaced out the reservations system and loyalty system cutovers. Loyalty programs merged in March, and reservations wrapped in October. While it would have been easier to move them concurrently, considering how tightly the two systems are integrated, two large, simultaneous implementations simply presented too much risk, Leibman said.

Three months prior to the reservations cutover date, American began a "drain-down" approach, coding those US Airways flights scheduled for after the cutover as American flights. That left American with the simpler task of switching over only those US Airways reservations made more than three months in advance, a small portion of overall tickets, Leibman said.

American also overlaid the Shares interface on the Sabre system in order to mitigate legacy US Airways agents' adjustment.

During the carrier's third-quarter earnings call, president Scott Kirby noted the transition had been "largely seamless" and that in the five days following the integration, American had an 89.4 percent on-time record and a 99.95 percent completion factor.

The biggest surprise of the cutover day, Leibman said, was how smoothly it went. "It wasn't that we weren't prepared," Leibman said. "With something so big and complex like this, you never know what can go wrong, but those two years of preparation really paid off, and having envisioned every possible thing that could happen really helped us lay a good plan for the actual cutover."

—MICHAEL B. BAKER



4 TRAVEL MANAGERS



MICROSOFT GLOBAL TRAVEL & VENUE GROUP LEAD **ERIC BAILEY**

The Incubator

"I've learned over time that we don't really need custom-built solutions all the time. We need to get these things to the people who can help them grow."

Eric Bailey tinkered with mobile travel technologies for a long time before he reached out to industry suppliers to drive wider innovation. Working with a band of Microsoft interns "eager to build something" gave the Microsoft global travel manager wide berth for creativity—and some dead-ends. He emerged a perceptive collaborator and a formidable force of change in 2015, partnering with Amadeus, American Express Global Business Travel and a small tech firm called Tripism to innovate industry solutions.

Microsoft's 70,000 business travelers consumed \$800 million in global T&E spend in 2014, according to *BTN's* Corporate Travel 100. That leverage can spur suppliers to meet Microsoft's innovation goals. And when a travel technology company can access Microsoft technology, even better. Such was the case for Microsoft's partnership with Amadeus. "We underestimate the calendar," Florian Tinnus, corporate IT head of the Amadeus IT Group, told *BTN*. "It has the user's history and future and their contacts." Amadeus and Bailey developed a booking tool that initiates a door-to-door travel search based on the start time of the meeting. It accounts for ground transfers and travel time, all matched with preferred supplier route schedules and locations. For those who opt in, the tool will track patterns and preferences to deliver more relevant itineraries. Amadeus anticipates rolling out the tool this quarter.

Likewise, Bailey worked with Amex GBT to deliver rich itineraries and travel alerts directly to Outlook Calendar. In addition to departures, arrivals and locations, the itinerary provides weather reports, destination mapping, flight delays and click-to-call buttons for ground transportation. A change to the itinerary initiates a change in the calendar. And while Amex is guarded about a go-to-market timeline, vice president for American Express' Global Client Group Melissa Beauchamp told *BTN* that GBT shares Bailey's passion about expanding the offering to other customers.

The partnership with Tripism brought Bailey full circle to his early innovations in productivity and personalizing the travel experience for Microsoft employees. It offers a platform on which travelers can log local destination information, advice, recommendations and hacks that allow all users to select the right hotels, restaurants, ground transportation and other local services that will keep them productive and happy on the road. Finding a partner to maintain and grow the platform, said Bailey, was the key.

—ELIZABETH WEST

VISFIT DEVELOPER **NICOLE HACKETT**

The Healthy Business Traveler

As director of travel services for Graham Holdings, Nicole Hackett lately has focused on unique ways to enhance the business travel experience. She's a vocal proponent of Uber and keen to ease travel burdens while boosting productivity. When she couldn't find a health and wellness solution for business travelers, she took matters into her own hands.

"There are too many unhealthy choices when we are on the road," said Hackett. The visFIT app she developed empowers travel managers to push travelers toward better choices via challenges like completing workouts or opting for healthy breakfasts followed by awards. Participation in the challenges, however, requires the traveler to comply with the travel program; they must stay at a preferred property and fly a preferred airline, for example.

The technology has gained traction in companies where HR has realized the benefits of a healthier workforce in terms of productivity, reduced sick days and, ultimately, lower insurance premiums. "Our pipeline consists of travel managers who have pulled away from program minutiae, and they've found a way to offer resources to enhance the traveler experience," she said. By tracking participation rates long term, visFIT can contribute to overall wellness data and help lower insurance costs. But it also raises awareness of the travel program.

Anthem global travel and events director and early adopter Cindy Heston noted, "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."

—ELIZABETH WEST



EY GLOBAL HEAD OF TRAVEL, MEETINGS & EVENTS **KAREN HUTCHINGS**

The Cooperator

EY's global travel program includes 150 countries and more than \$600 million in air spend alone. To manage the size and scope more efficiently, global head of travel, meetings and events Karen Hutchings anchored

the program in three travel management companies in 2015. In essence, she drove three competitors to collaborate in order to get her business.

Not finding a single firm that could handle all regions equally well, Hutchings awarded Latin America and Asia/Pacific to Carlson Wagonlit Travel, the United States and Canada to American Express Global Business Travel and Europe, the Middle East and Africa to HRG. But she didn't stop with regional carveouts. Hutchings further configured the program along category lines. HRG manages the global airline program, CWT handles the hotel and meetings programs and Amex GBT consolidates data across all TMCs. The strategic redundancies create a collaborative and competitive landscape that forces the TMCs to play nice with each other and keep service levels high for the client.

Hutchings is pushing this "co-opetition" arrangement as far as she can—by identifying initiatives that require her agencies to work together to succeed. One example: As part of a drive to promote virtual meetings via Telepresence, she asked the TMCs to guide travelers toward the virtual meeting option when it is more appropriate for business goals. One TMC pushed back, saying discouraging travel was against its financial interests. But eventually, it fell in line when Hutchings confirmed that she would pay for the service because she stood to save more in travel costs than she would spend in TMC fees.

Granted, EY's enormous corporate travel coffers held a lot of sway when Hutchings brought the integrated deal to the table.

—ELIZABETH WEST



T-MOBILE SENIOR MANAGER OF TRAVEL, EXPENSE & CARD **BOB JACOBSEN**

The Green Gamer

"When I was a kid who loved nothing more than hanging out in the basement reading airline timetables, I never imagined I would someday create a project that would accomplish this. Life is awesome."

Bob Jacobsen's influence on the travel industry may yet to be realized, but his influence on the planet grows every single day. Looking to increase compliance to T-Mobile's travel program with a gamification strategy, Jacobsen needed a reward structure that would resonate with his company's largely Millennial workforce but without breaking the bank. "I didn't want to do a \$5 gift card; it didn't mean anything," he said. Simultaneously tasked with a firmwide sustainability directive from T-Mobile's largest stockholder Deutsche Telekom, Jacobsen decided to combine the two goals: incentivizing travel program compliance with an eco-oriented reward.

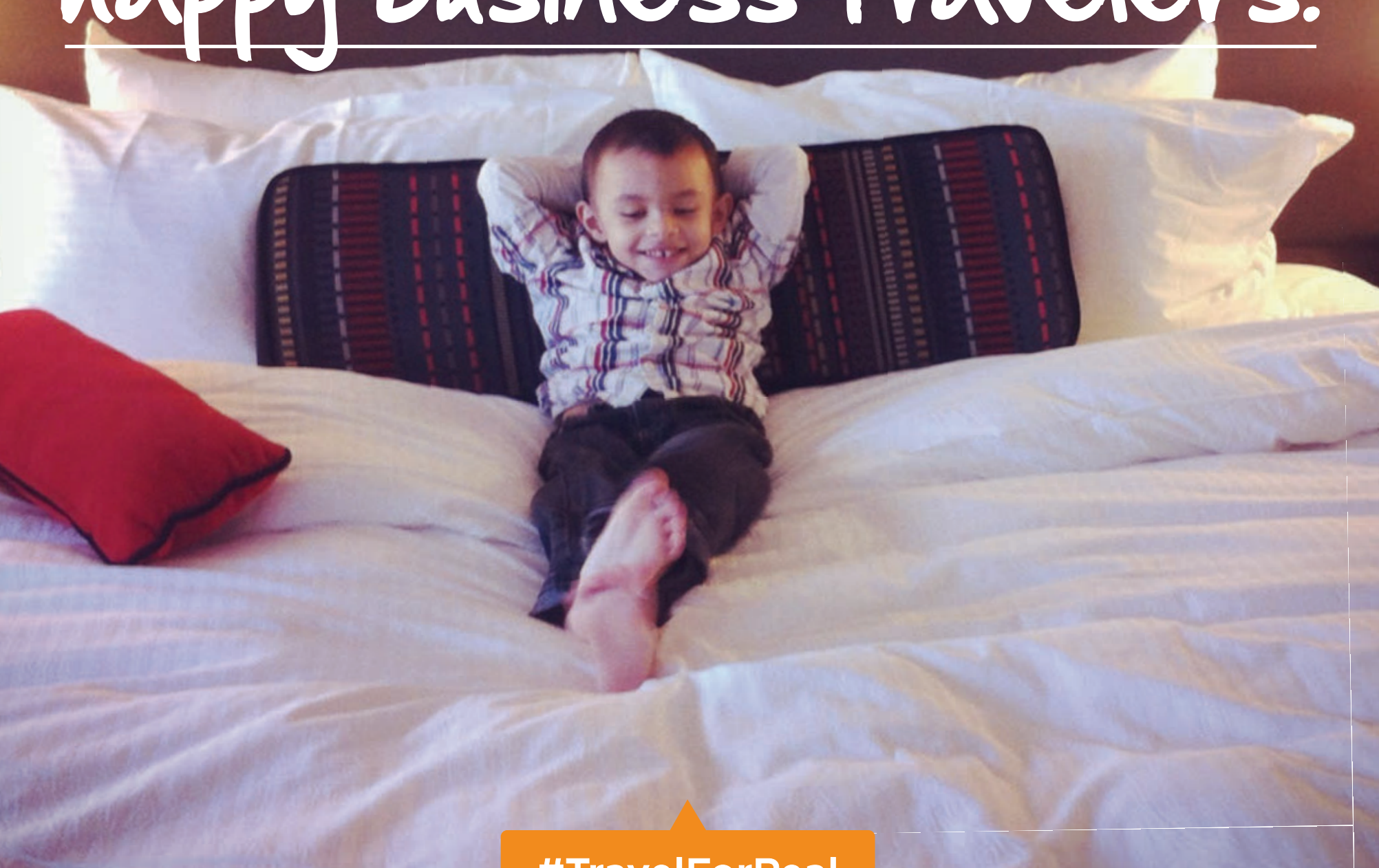
He sourced The Eden Projects, a nonprofit organization that employs local villagers to reforest hurricane-ravaged Haiti. T-Mobile travelers who book according to policy earn points toward getting trees planted. He also solicited preferred airline Delta to sponsor "bonus" points for booking with the carrier. His agency of record, Travel and Transport, tweaked a languishing gamification platform to support the program.

Since launching the program, the company has planted 175,000 trees, and compliance to booking online, booking the lowest logical rates and booking with preferred suppliers was up significantly. Delta's bonus point sponsorship spurred a 12 percent increase in contract compliance. "It's really awesome to be able to spend time and collaborate and not just argue over a few percentage [points] here and there," Jacobsen said.

While the industry is still waiting for copycat programs to surface, T-Mobile's sustainability strategy and story have gone viral. "I was invited to speak at [a supplier] sales and account management launch event," he said. "There were 2,000 people from all over the world in the audience, and I made them all promise to do something for the planet."

—ELIZABETH WEST

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3 TECHIES WHO WORK WITH SUPPLIERS ...



OLSET FOUNDER & CEO GADI BASHVITZ

The Hotel Matchmaker

"The only solution [travelers] have is to sit there and read [hotel] reviews for hours," said Olset founder and CEO Gadi Bashvitz. Last year, Olset's effort to change that, by automating search and matching hotel results to travelers, caught on with a few corporate travel players, he said, including such clients as Adelman Travel, Amadeus and BCD Travel. It also inspired imitation. Travel management company Short's Travel, for example, launched its FindIt system for hotel shopping with some Olset-like features.

"When we think about a purchasing decision, the data about hotels today is qualitative," he said. Does the hotel have a pool, Wi-Fi, a gym? "That's not what we care about. What we care about is: Can I actually swim in that pool? Is the Wi-Fi good? Can I work out in that gym? What's the quality of those features?"

At Olset's core is a database that features 50 million traveler reviews and some 200 million categorized traveler sentiments. The company culls data from TripAdvisor reviews, Facebook posts and other sources; uses natural language processing and sentiment analysis; and "[attaches] that data back to a set of more than 500,000 hotels globally," said Bashvitz. "Instead of just getting a random list of hotels, which is what happens now, you get a very personalized list of results. We give the tools to the traveler to help them understand exactly why these hotels are recommended to them."

So, why should travel managers care about personalization? "A lot of reasons," said Bashvitz. "One thing we're seeing is the demand from TMCs and travel managers to increase the hotel attachment rate." Better hotel matches, Bashvitz reasons, mean more bookings in corporate channels. He even claimed some clients' hotel attachment rates improved by 20 percentage points.

—JAY BOEHMER

ROUTEHAPPY FOUNDER & CEO BOB ALBERT

The Happiness Tracker

"We're helping solve the differentiation problem. ... That means, No. 1, better information to help corporate travelers make better decisions and, two, using this data to aid compliance by having better information for carriers that are in-policy."

In 2015, booking provider Serko and Expedia's Egencia emerged in agreement with Routehappy CEO and founder Bob Albert's premise that price, carrier and schedule aren't the only considerations that go into buying an airfare. Seat quality, Wi-Fi availability and onboard entertainment options matter, too. Thus, both corporate travel players—along with Google Flights, Expedia and Kayak—incorporated Routehappy's Happiness Factors into their sales channels.

In the past five years, the start-up has constructed a vast database of flight amenity details on more than 200 airlines. Its system scores flights on a one-to-10 scale based on product attributes, or Happiness Factors. Those include aircraft type, seat size, Wi-Fi, in-seat power and flight length. Routehappy formulates a score for each flight but also discloses which flights include the various attributes it measures.

Last year, the firm also made progress on its Routehappy Hub for airlines, gaining buy-in from United Airlines, Delta Air Lines, Swiss International Airlines, Qantas and others. The software-as-a-service platform lets airlines manage product content, provide details on services and amenities for specific routes or flights and transmit that data via direct and third-party distribution channels, including corporate channels, said Albert. That paves the way for airlines to make more targeted offers to corporations and their managed travelers, he said. "We're helping solve the differentiation problem. From a corporate travel perspective, that means, No. 1, better information to help corporate travelers make better decisions and, two, using this data to aid compliance by having better information for carriers that are in-policy." Albert further noted that richer amenity data gives travel buyers more information on which to assess their preferred relationships.

While 2015 marked Routehappy's entry into corporate channels, Albert insists it is just the beginning.

—JAY BOEHMER



TRIPBAM FOUNDER & PRESIDENT STEVE REYNOLDS

The Rate Enforcer

"[Last-room availability] has been a frustration with pretty much every travel manager we work with. Some of them have even told us that the contracts aren't worth the paper they're written on."

Having already made it onto this list in 2013 for his hotel rate-shopping tool, tripBAM founder and president Steve Reynolds shook up the travel world once more in 2015 by leveraging his technology to shine a spotlight on last-room availability issues within the hotel industry.

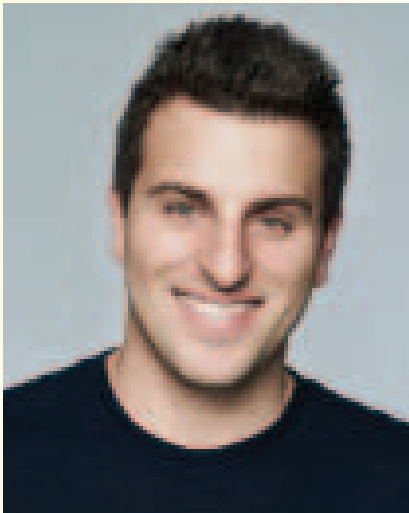
Reynolds' tool works by repeatedly querying, or shopping, hotels within a geographic cluster to show clients the best rates at their preferred properties or comparable ones. In performing these shops, Reynolds and his team realized they were producing vast amounts of data—data that could, among other things, give travel managers unprecedented insight into whether hotels are honoring their contracts. "We get to provide full transparency," Reynolds told *BTN* earlier this year. "It's live rate auditing, but it's really live negotiated-rate auditing."

As he worked with his clients on their hotel programs, he said, he repeatedly heard complaints about hotels not honoring LRA agreements. Some said their contracts weren't worth the paper on which they were written. "LRA in my opinion is somewhat of a myth in the corporate travel space," Reynolds said. "You've got it in your contract, everybody's got a loose definition and when you actually go back and look, 'Is my rate available?' on a real-time basis, you see that it's not. It's not there when you most need it. In a high-occupancy market, you're paying these crazy rates. Where the heck is the negotiated rate?"

With tripBAM's metrics, Reynolds' clients have been able to identify which hotels within their programs were not providing LRA where it was contracted. That's information travel managers can use as they head back into the request-for-proposals season, avoiding a months-long dance with a hotel that's proven to be noncompliant. "It will dramatically reduce the number of RFPs that you have to negotiate, and you'll have a much better result at the end, where it's rates that you can actually get and use and have value," Reynolds said.

Reynolds is looking to expand tripBAM's rate-analytics programming so clients can identify more clearly whether a negotiated rate is good or bad and so they can audit properties with which they negotiated a discount off the best available rate. During the first quarter of 2016, the company is offering a free pilot to customers on the *Fortune* 1,000. It's also working on enhancements to allow clients to shop for applicable rates outside the global distribution systems, on online travel agency sites and alternative lodging sites like Airbnb.

—JULIE SICKEL



AIRBNB CO-FOUNDER & CEO **BRIAN CHESKY**

The Hospitality Heretic

Airbnb took a major step into the managed travel sphere in July when it introduced a new suite of management tools. They allow corporate travel managers to view employee bookings and itineraries at Airbnb properties, to export companywide financial data and reports in real time and to centralize billing. According to Airbnb, it signed contracts with 500 new companies within 24 hours of unveiling the travel management suite.

Building on that momentum, co-founder and CEO Brian Chesky and company announced a partnership with serviced apartment provider BridgeStreet Global Hospitality in October. Under the multiyear agreement, Airbnb makes its listings available to BridgeStreet clients and, more important, BridgeStreet makes its serviced apartments available via Airbnb's business travel platform, enhancing the sharing-economy company's inventory of properties it brands Business Travel Ready.

In spite of the strides Airbnb has made, there's still a great deal of skepticism around whether it will ever truly be able to dominate the corporate lodging space. Hilton Worldwide CEO Christopher Nassetta maintains that the home-sharing platform caters to a different audience than do traditional hotels. Airbnb, for its part, is adopting tactics familiar to hoteliers. In November, it launched its Smart Pricing tool for hosts, which sets competitive prices for listings based on market demand, a clear nod to hotel revenue management.

If 2015 is any indicator, Airbnb will expand and enhance every aspect of its platform in the coming year. The company secured \$1.5 billion in private funding in June, raising its valuation to \$25.5 billion, nearly double what it was when Chesky appeared on *BTN's* Most Influential Executives last year. In November, it received another \$100 million in private funding. The company's main obstacle

continues to be legal challenges, which it faced this past year in Berlin, New York City, San Francisco and Santa Monica, Calif. As a result of the pushback from local lawmakers, Airbnb in November released a Community Compact in which it pledged to release annual Home Sharing Activity Reports for key markets, featuring information like the geographic distribution of listings, the average number of days homes are listed and the safety records of listings. Airbnb also vowed to work with hosts and host cities to ensure the company is honoring local laws and limiting the impact of short-term rentals on long-term housing availability.

—JULIE SICKEL



CHOICE HOTELS INTERNATIONAL PRESIDENT & CEO **STEPHEN JOYCE**

The Problem Solver

Virtual cards had all the promise of a grand solution to corporate travel hotel billing, and yet the logistics fell short time and again. At the heart of the problem was the process' dependence on fax confirmations not finding their way into front desk clerks' hands at the right time. While others offered provisional solutions, Choice Hotels embraced virtual cards, introducing a proprietary process that eliminates faxes altogether.

Travel managers and travel management companies can enter a four-digit code into the GDS that Choice's system recognizes as a virtual card. The system cues the front desk that Choice has authorized the client. "It gets out of the 1970s approach of sending paper back and forth," said Choice president and CEO Stephen Joyce.

The virtual card-processing issue kept surfacing during a Choice corporate travel bookers advisory group, he said. His team devised a solution within seven weeks and began beta testing in January 2015. Several clients were running full functionality by the end of February. "We operate like a Silicon Valley-type company in a plan-build-run environment," Joyce said. Choice scaled up easily across its brands, he added, because its systems are proprietary and cloud based. "When we click for a change, it changes worldwide, instantly," he explained.

Industry players' previous patchwork attempts to solve the problem couldn't get around the fact that humans had to receive, save and at the right time retrieve faxes related to individual reservations. Regardless of whether a particular hotel has high employee turnover, Joyce said, an employee shouldn't have to figure out how to process a virtual card. "It should be led by the system."

Still, Choice does not intend to compete with Hotel Technology Next Generation's Virtual Payment Cards Specification, released in May. The industry standard aims to help hotel reservations systems distinguish virtual cards from regular credit cards. Adoption, however, will take time. "We don't see [our solution] as a long-term proprietary advantage. We believe in standardizing the technology for the industry, and we want to cooperate as best we can," Joyce said.

—JoANN DeLUNA



UBER CEO & CO-FOUNDER **TRAVIS KALANICK**

The Ubermensch

As Uber built sales teams in major metros, business accounts came in at the rate of about 1,000 per week, according to business team lead Max Crowley.

Uber has arrived. Led by co-founder and CEO Travis Kalanick, it has staked its claim in the corporate travel world. During the second quarter of 2015, Uber rides outpaced cab rides for business purposes for the first time, according to Certify expense reports, and the company is gaining ground on rental cars, as well. By the fourth quarter, Certify data showed, ridesharing outpaced rental cars, as well, accounting for 41 percent of total rides in ground transportation expenses, while rental cars' share dipped to 39 percent and taxis dropped to 20 percent.

Meanwhile, the nascent Uber for Business program, which includes dashboards and tools for administrators to manage programs centrally, blossomed to more than 50,000 enrollees during its first year, though it's unclear whether that translates to 50,000 travelers, 50,000 departments, 50,000 companies or some hybrid. As Uber built sales teams in major metropolitan areas, business accounts came in at the rate of about 1,000 per week, according to business team lead Max Crowley. Uber also has branched out into other corporate-adjacent areas, launching, for instance, a tool for meeting planners to manage an event's transportation centrally.

While some buyers remain reticent of Uber's safety and security, it has continued to gain ground in corporate program acceptance. IBM, the largest corporate travel program in the United States by air volume booked in the country, last year reversed its own ban on Uber use after support built up around a single employee's petition to use the service. Many other buyers continue to employ a look-the-other-way approach, approving Uber expenses without endorsing the service outright.

Uber does face challenges, including a class-action lawsuit regarding whether it can classify its employees as independent contractors or must treat them as employees. Lyft and others also form a growing block of competitors. Yet, it seems unlikely Uber's momentum will slow as it reaches critical mass among travel programs.

—MICHAEL B. BAKER

5 SUPPLIERS WHO GOT BIGGER



MARRIOTT INTERNATIONAL PRESIDENT & CEO ARNE SORENSON

The Hotel Imperialist

"This is an opportunity to create value by combining the distribution and strengths of Marriott and Starwood, enhancing our competitiveness in a quickly evolving marketplace."

Marriott International's \$135 million acquisition of Canadian hotelier Delta Hotels and Resorts in early 2015 would have been enough to land president and CEO Arne Sorenson on *BTN's* 25 Most Influential of 2015 list. Instead, Marriott went a big step farther in November by acquiring Starwood Hotels & Resorts in a \$12.2 billion deal. The acquisition marked one of the most significant transactions in industry history and will make Marriott the largest hotel company in the world.

Starwood announced in April it would "explore strategic alternatives," including a sale to another company. Sorenson initially rebuffed inquiries into whether Marriott would consider buying. He said the company was more interested in smaller deals like the Delta Hotels acquisition and other recent purchases like Gaylord Hotels and Protea Hospitality Group.

In a short time, though, Starwood strengthened its position among the big hotel players, adding an 11th brand, signing and opening a record number of hotels and improving its overall value enough to draw the interest of Hyatt, as well as a handful of Chinese investors. In a surprise move, Marriott won the bid for Starwood, and the deal is expected to close by midyear.

"On a combined basis, this transaction will expand our presence around the world, broaden our appeal to younger travelers and increase the growth opportunities for Starwood's valuable brands," Sorenson said after the deal was announced. "In addition, combining Starwood's leading lifestyle brands with Marriott's strong presence across select-service and luxury tiers, as well as our convention and resort segment, will create a very attractive portfolio that should be more appealing to guests, meeting planners and owners and franchisees."

Combined, the two companies have 5,500 properties representing 1.1 million rooms across more than 30 brands and an expanded presence around the globe. Marriott also will absorb Starwood's robust guest loyalty program, which boasts 21 million members. Sorenson said Marriott plans to combine that with its own loyalty program.

As for Delta Hotels, the deal gives Marriott an enhanced presence in Canada and the opportunity to extend the brand into the United States. Marriott signed its first United States-based Delta property in November in Orlando.

—JULIE SICKEL

INTERCONTINENTAL HOTELS GROUP PRESIDENT & CEO RICHARD SOLOMONS

The Boutique Buyer



"We've admired Kimpton for a long time, and the decision to acquire the brand was very much in line with our strategy to invest in high-quality, asset-light growth."

Major hotel companies moved toward boutique brands in 2015, and Intercontinental Hotels Group led the charge, announcing in December 2014 that it would acquire boutique giant Kimpton Hotels & Restaurants Group for \$430 million. The deal marked the most significant acquisition of a boutique brand by a major hotelier in recent history and demonstrated CEO Richard Solomons' insight into what was ahead for the lodging industry.

"There were a number of things that attracted us to Kimpton," Solomons told *BTN*. "It's a unique, well-established and award-winning brand with a leading position in the boutique hotel segment, the fastest growing in our industry. It also has a portfolio of world-class hotels and destination restaurants located in some of the most attractive urban and resort locations."

The acquisition filled the upper-upscale hole in IHG's brand portfolio, and Kimpton complements IHG's other boutique brand, the upscale Hotel Indigo. Prior to its acquisition, Kimpton's portfolio featured 62 hotels—most in key U.S. markets like Chicago, New York City, Boston, San Francisco and Washington, D.C.—and 16 more under development, as well as a robust loyalty program, Kimpton Karma, comprised of 1.6 million members.

Though no other company has been able to match the boutique acquisition, hoteliers like Best Western Hotels & Resorts and Starwood Hotels & Resorts rode the boutique wave in 2015, introducing boutique-style or soft brands, like Vib and Tribute, respectively. IHG's buy also initiated the industry's most recent round of M&A activity, which had been subdued aside from Marriott's acquisition of South Africa-based Protea Hotels in April 2014. "We've admired Kimpton for a long time, and the decision to acquire the brand was very much in line with our strategy to invest in high-quality, asset-light growth," Solomons said.

The deal closed in January 2015, and IHG had opened five Kimpton hotels and signed six more by the third quarter, putting its pipeline at 16 properties. The brand did face a setback in July when seven of its nine hotels in San Francisco exited the portfolio. Solomons told investors the losses were the result of an isolated labor issue in the market. The CEO still expects results for 2015 to make it the best year for openings and signings in the brand's history.

—JULIE SICKEL



EXPEDIA CEO DARA KHOSROWSHAHI

The Busy Acquirer

"[Egencia] is going to be a top-three corporate travel agency in a number of years."

In January 2015, online travel giant Expedia took full ownership of Travelocity from Sabre, culminating a deep marketing arrangement the two reached in 2013. And in December, Expedia completed the \$3.9 billion purchase of Airbnb competitor HomeAway. For the corporate travel set, though, the most significant move came in September, when Expedia completed its acquisition of longtime rival Orbitz for \$1.6 billion. The deal brought together each operator's corporate travel arms, Egencia and Orbitz for Business.

Egencia, previously Expedia Corporate Travel, is no stranger to corporate travel acquisitions, having previously folded in Nordic agency Via Travel, Australia's Travelforce and the French online travel agency whose name it now bears. Every couple of years, Expedia seems to buy another corporate agency. "The only limit in Egencia is

our ability to integrate,” Expedia CEO Dara Khosrowshahi said during November’s Phocuswright conference.

To that end, Khosrowshahi and company have started tying Orbitz’s properties into Expedia, including shifting Orbitz for Business, as well as its clients, onto the Egencia platform. That has accelerated the departure of Orbitz for Business’ largest booking client, IBM, which now is transitioning to Concur for its preferred booking provider (see page 32).

As it has with previous corporate travel acquisitions, Egencia is incorporating Orbitz for Business into Egencia’s single global technology stack, which includes platforms for air, hotel, policy, reporting, mobile and others. Talking up that “single vertical stack,” Khosrowshahi views Egencia as “the only true technology company in business travel.”

Already a big corporate player, one ARC recognized as a “mega” agency even before the Orbitz deal, Egencia has ambitions to grow even larger. Egencia is “buying and integrating as fast as we can,” said Khosrowshahi, who predicted that Egencia “is going to be a top-three corporate travel agency in a number of years.”

Digesting Orbitz for Business proves an immediate task on the business travel side, but “in a couple more years, I think you’ll see us buy another player and integrate it in,” Khosrowshahi said.

—JAY BOEHMER



SABRE CEO TOM KLEIN

The Asia Adventurer

“Prior to our acquisition, the Abacus joint venture had 12 voices with a myriad of priorities. With our priority in Asia/Pacific now being crystal clear, we’ll grow by providing innovative technology and the best service model in our industry, and we’ll better align investments in markets like India, where we believe the joint venture lacks optimal exposure.”

“Asia/Pacific is the fastest growing region in the world,” Sabre CEO Tom Klein told investors in October. And now that Sabre has acquired Singapore-based distribution provider Abacus International outright, it’s no longer competing in the region with one arm tied behind its back.

In 2015, it bought from 11 airlines the 65 percent stake it didn’t hold in Abacus. Taking full ownership of the regional distribution system enhanced Sabre’s stature in the region, made it a fiercer competitor and removed what Klein called the “bureaucracy” and “inefficiencies” of operating under a joint structure.

“Prior to our acquisition, the Abacus joint venture had 12 voices with a myriad of priorities,” Klein said in October. “With our priority in Asia/Pacific now being crystal clear, we’ll grow by providing innovative technology and the best service model in our industry, and we’ll better

align investments in markets like India, where we believe the joint venture lacks optimal exposure.”

Abacus already operated as an extension of the Sabre global distribution system, given the companies’ historical ties, equity relationship and common technology core. Yet, since the acquisition, Sabre has taken full control of strategy, sales and marketing, technology and customer relationships.

And that has better positioned it in the corporate market, Klein said. “We’ve immediately strengthened our value proposition to the world’s large global travel management companies and corporations,” he said. “This is a customer segment in which Sabre has historical strength, and we’re already seeing traction and discussions that bring consistency to our global value proposition.”

Further, as part of its purchase agreement, Sabre secured long-term distribution agreements with all 11 Asian airlines that sold it their stakes in Abacus: All Nippon Airways, Cathay Pacific, China Airlines, EVA Air, Garuda Indonesia, Dragonair, Philippine Airlines, Malaysia Airlines, Royal Brunei Airlines, SilkAir and Singapore Airlines.

—JAY BOEHMER



CVENT CEO REGGIE AGGARWAL

The Meetings Rainmaker

“We are sunseting the SignUp4 products. ... We want to be sensitive to customer needs, but frankly we have a lot more [technology] than they did, and a single platform makes the most sense.”

Coming off a successful IPO in 2013 and the acquisition of Elite Meetings in 2014, Cvent CEO Reggie Aggarwal, who has grown his technology stack and employee roster relatively organically since 1999, was hungry for more in 2015. He cooked up his biggest deal

to date in the first half of the year, with the acquisition of Atlanta-based SignUp4. And in November, Cvent acquired AllianceTech, a clear expansion for Cvent’s technology stack.

The \$22 million SignUp4 coup was Aggarwal’s first bite at a competitor, and it went down easy, adding seasoned meetings executives to the Cvent team and a generous helping of customers. In terms of technology, Aggarwal said, the direction was clear from the outset. “We are sunseting the SignUp4 products. We did a gap analysis and looked at what they had but we didn’t, and there wasn’t a lot. We want to be sensitive to customer needs, but a single platform makes the most sense.”

Snapping up Austin-based technology firm AllianceTech strengthened Cvent’s position in the on-site technology space. Aggarwal said the year-end tie-up was a natural fit that will allow Cvent to offer a comprehensive technology platform to customers. “AllianceTech was, in our view, the market leader in the on-site technology space; [they have done] really innovative things in areas where Cvent didn’t have a lot of experience. Our tools have traditionally been strong before and after the event with sourcing, planning and analytics tools. But our goal has always been to provide a full platform.”

On-site event technologies are the key to satisfying a new wave of client requirements, especially as marketing departments embrace Cvent’s traditional meetings management technologies and look for additional tools to track the return on their meetings investments. “We have to innovate in that area to help our customers realize their ROI,” Aggarwal said, adding that clients are realizing they have to invest.

He continues to anticipate the market, to invest in innovation and to position Cvent to capture client investments before his competitors do.

—ELIZABETH WEST

4 CIVIL SERVANTS WHO CAUSED RIPPLE EFFECTS

EUROPEAN COURT OF JUSTICE ADVOCATE GENERAL YVES BOT

The Safe Harbor Sinker

"[The ruling is] potentially a major blow to U.S. tech companies. [They] will need to significantly restructure how they manage and use data. The cost implications could be huge."

—Data science consultant quoted on *The Register*

In October, the European Court of Justice, acting on the recommendation of its advocate general, Yves Bot, ruled that the Safe Harbor policy agreement between the European Union and the United States is invalid. The decision potentially harms any business that stores personal data of EU citizens inside the United States. Unless the United States and EU can reach a new agreement, U.S. tech companies may have to spend time and money building European data storage infrastructure or risk losing customers.

The EU has more exacting data-protection standards than does the United States, and Safe Harbor was the mechanism by which U.S. companies pledged to bridge the gap, though it did not involve any external oversight. It was doomed in 2013, however, as soon as former National Security Agency contractor Edward Snowden revealed the extent to which the U.S. government extracts data from the country's tech companies.

The ECJ ruling is "potentially a major blow to U.S. tech companies," according to a data science consultant quoted on IT industry website *The Register*. The consultant continued, "[They] will need to significantly restructure how they manage and use data. The cost implications could be huge, with many having to extensively expand their data centre capacity throughout Europe."



Another potential remedy would be for U.S. companies to negotiate data protection with each European client, agreeing via contractual clause to provide an EU-compliant level of protection. However, opinion is split whether such undertakings are sustainable, given the ECJ's opinion that U.S. government agencies can access personal data transferred to the United States.

Can the can of worms Bot opened be resealed? More should become clear by Jan. 31, when European Union member states' various data-protection authorities are expected to rule whether, following Bot's opinion, they still consider to be valid the standard contractual clauses that have existed for years between EU and non-EU service providers. That is also the date the United States and EU have targeted to agree on the so-called Safe Harbor 2.0, with tighter assurances.

—AMON COHEN



EUROPEAN COMMISSION PAYMENT SYSTEMS UNIT HEAD RITA WEZENBEEK

The Interchange Fee Cap Architect

Card issuers may impose heavy transaction fees on corporate cards or halt some products for the corporate market altogether.

According to Rita Wezenbeek, the Dutch lawyer who heads the European Commission's Payment Systems Unit, the EU interchange fee regulation she designed "could lead to a reduction of about €6 billion annually in hidden fees for consumer cards ... generally passed on to consumers by the retailer in the form of higher

prices." But there are unintended consequences for some corporate card users: Card issuers may impose heavy transaction fees on them or halt some products for the corporate market altogether.

Wezenbeek's regulation, which took effect in December, caps at 0.3 percent (or 0.2 percent for debit cards) the interchange fee that the bank that issues a credit card can charge to the bank that accepts payment on behalf of the merchant. Previously, the average interchange fee for MasterCard and Visa commercial credit card transactions was around 1.5 percent. The regulation exempts three-party schemes like American Express, as well as commercial cards, from the cap. But in a last-minute twist, individual-pay cards were excluded from the regulation's definition of what counts as a commercial card. In other words, if the employee pays the bill on a corporate card, there is a cap on the interchange fee; if the company pays the bill, there's no cap. "This prevents possibilities [for card issuers] to circumvent the caps for consumer cards," said Wezenbeek, and it minimizes the degree to which consumers with low-fee cards subsidize high-fee cards.

The snag is that in some EU countries, corporate cards are overwhelmingly individual pay. For AirPlus International, the leading issuer of corporate cards in Germany, 83 percent of its plastic card customers are individual pay. AirPlus has introduced a transaction fee of 1.09 to 1.19 percent for those customers. Visa, meanwhile, has predicted that other issuers will withdraw individually billed cards, leaving a vacuum that the three-party providers will fill.

Even users of corporate-pay commercial cards may find consequences, including reduced acceptance of their cards. The interchange fee regulation "allows retailers to refuse high-fee commercial cards," said Wezenbeek. "Also, the EU Payment Services Directive 2 will in principle allow retailers to surcharge [cardholders] for the use of such cards."

Some corporate card professionals believe the exemption for commercial cards could be scrapped within five years. Asked if this was likely, Wezenbeek replied: "The commission will submit a report on the application of the regulation by June 2019. One of the elements to be considered is the effect on the market of the exclusion of commercial cards from the caps." If the exemption disappears, expect transaction fees every time a corporate card is used in the EU and perhaps fees for services like management information, not to mention more issuers withdrawing from the market.

—AMON COHEN

U.S. ATTORNEY FOR THE DISTRICT OF NEW JERSEY PAUL FISHMAN

The CEO Slayer

Fishman's investigation might mean sunnier skies for United in the long run.

Jeff Smisek's five years in the captain's seat at United Airlines came to an end last year, largely thanks to a federal investigation of his business dealings by the office of U.S. District Attorney Paul Fishman.

Among Fishman's allegations is that United revived service between Newark and Columbia, S.C., to gain the favor of then-chairman of The Port Authority of New York & New Jersey David Samson. When Smisek, who had been president and CEO of United since the United-Continental merger in 2010, announced his resignation in September, the carrier claimed the move related to its own internal investigation of the matter.

While losing a CEO under the cloud of a federal probe is never a reason to celebrate, Fishman's investigation might mean sunnier skies for United in the long run. Smisek's replacement, Oscar Munoz—formerly COO of rail transportation company CSX and a United board member—spurred cautious optimism in the analyst community that he would take United in the right direction, improving operations and labor relations. Although a heart attack soon sidelined Munoz, he's expected to return to his position by the second quarter, following a successful heart transplant this month.



—MICHAEL B. BAKER



U.S. DISTRICT JUDGE FOR THE EASTERN DISTRICT OF NEY YORK
NICHOLAS GARAUFIS

The Judge Of Amex

“American Express, MasterCard and Visa have inhibited merchants’ ability to reduce card acceptance costs and therefore their retail prices to consumers.”
—U.S. Department Of Justice in 2010

U.S. District Judge for the Eastern District of New York Nicholas Garaufis ruled in February 2015 that merchants can steer customers to less expensive forms of payment than American Express. If that verdict is sustained, it could turn Amex’s business model on its head, as merchants would have the leverage to negotiate lower acceptance fees, thereby eroding Amex’s merchant rates over time.

It all started when the U.S. Department of Justice filed an antitrust lawsuit in October 2010 against the three major card networks over their merchant agreement clauses that prohibited merchants from steering customers to lower forms of payments. “American Express, MasterCard and Visa have inhibited merchants’ ability to reduce card acceptance costs and therefore their retail prices to consumers,” according to the DOJ, which said acceptance fees amounted to \$35 billion a year.

MasterCard and Visa quickly settled with the DOJ, but Amex, the network the DOJ said had the highest rates, argued that it had the fewest cards in circulation and the fewest accepting merchants. Allowing merchants to steer customers to the two

dominant networks, it said, would hamper competition.

On the corporate card side, however, DOJ lawyer Craig Conrath painted Amex as the powerful party, commanding 60 percent of corporate card sales volume, and merchants as the vulnerable ones. During the trial, which began in July 2014, he brought Alaska Airlines up to testify that the antisteering provision in its contract with Amex left the carrier with just two choices: pay Amex’s high acceptance rate or lose significant corporate card business.

Garaufis ruled that Amex’s merchant agreement provisions violate federal law and constitute “unreasonable restraints on trade.” After appeals and requests for stays on the decision, Amex was forced to amend those provisions, and on Dec. 8, *BTN* named Garaufis one of its most influential people in the business travel industry in 2015.

The case has taken a turn since, as a U.S. court of appeals ordered a stay on the earlier decision, meaning the card network can temporarily reinstate its antisteering merchant rules.

—JoANN DeLUNA

... & 1 BANKER WHO PULLED BACK



JPMORGAN CHASE CEO
JAMIE DIMON

The Local Banker

“We are concentrating on areas where we can best meet clients’ needs for a competitive offering and superior client experiences.”
—JPMorgan Chase’s Edward Kozmor

JPMorgan Chase’s April decision to exit the international commercial card business in 2015 and concentrate on its North America card business not only accentuated the challenge for travel managers of establishing a truly global card program but also left large corporations scrambling to seek out other solutions.

JPMorgan Chase had partnered with payments provider AirPlus International in 2012 to offer large corporations a single, co-branded global payment solution. It issued the walking plastic cards while AirPlus provided the lodge cards. In 2013, JPMorgan Chase managing director of commercial cards Lionel Le Meur acknowledged that the local implementations for global programs was challenging, but he was confident in the bank’s approach and cited growth in 2012 that he attributed to globalization.

By 2015, the bank had changed its mind and announced it would exit the international card market. Spokesperson Edward Kozmor said, “We are concentrating on areas where we can best meet clients’ needs for a competitive offering and superior client experiences.”

The move left at least one customer who spoke to *BTN* disillusioned about the shrinking possibility of achieving a truly global program. An AirPlus spokesperson told *BTN* in December that all joint customers had “successfully migrated across to [other] AirPlus products.”

The move also brought to the fore those banks, such as Citi and U.S. Bank, that have committed to international presences for several years and provided opportunities for those and other banks to expand their portfolios of clients.

—JoANN DeLUNA

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BUSINESS TRAVEL

HALL *of* FAME



Left to Right: Jonathan Linen, Leo van Wijk, Mary Bastrentaz, Michel Taride and Mike Leven

THE BTN GROUP HALL OF FAME WELCOMES

JONATHAN LINEN

**FORMER VICE CHAIRMAN
OF AMERICAN EXPRESS**

“American Express was mostly in retail and wholesale travel business; we had a little business travel. We had a similar client base on the card side. In bringing those together, we enabled clients for the first time to manage this rather large expense base that most companies have.”

Jonathan Linen married American Express’ travel and corporate card divisions to create the travel management services group. He joined the company in 1969 and was president of travel services from 1980 to 1990. From 1993 to 2005, he served as vice chairman of American Express Co. Since, Linen has been an advisor to the Amex chairman and a member of the global leadership team. He also served as a nonexecutive director of Intercontinental Hotels Group and is a director of GetThere. Linen chaired the U.S. Senate’s Tourism Advisory Council, sat on the board of the World Travel & Tourism Council, chaired the U.S.-U.S.S.R. Trade Council committee on tourism and chaired the NYC tourism board.

LEO VAN WIJK

**FORMER PRESIDENT
AND CEO OF KLM**

“The investment KLM made in Northwest Airlines in 1989 changed the landscape of the industry across the Atlantic. It allowed us, after having obtained Open Skies, to create an unprecedented joint venture that remains the template for many corporations around the globe.”

Leo van Wijk has chaired SkyTeam since 2007 and became vice chairman of Air France-KLM in 2004 after working with Air France CEO Jean-Cyril Spinetta to merge their companies. That merger set the precedent for European airlines to become multinational rather than national flag carriers. His experience with multinational alliances began in 1992, when he led KLM as it invested in Northwest Airlines, developing the first North Atlantic antitrust-immune joint venture. Van Wijk joined KLM Royal Dutch Airlines in 1971, working in automation services and then the cargo division. In 1987, the company appointed him to a new position as deputy to the senior vice president of the Commercial KLM Group. He became senior vice president of corporate development in 1989 and managing director in 1991 and served as president & CEO from 1997 to 2007.

MARY BASTRENTAZ

**MANAGING DIRECTOR OF GLOBAL
TRAVEL AND EVENTS FOR ACCENTURE**

“I started with automation in the early ’80s. [In the mid-’90s] we had Via Online with self-booking and automated refunds and exchanges and direct connects. I think we were the first to do it.”

Celebrating 40 years in the travel industry, half with Accenture, Bastrentaz, also ran her own school for training corporate travel consultants. She implemented the first self-booking technology in the early 1980s and in the 1990s pioneered a direct-distribution platform for booking airline reservations. In 2010, *BTN* named Bastrentaz a Best Practitioner for consolidating Accenture to one travel agency and one preferred travel technology platform globally. In 2012, *BTN* named her Multinational Travel Manager of the Year and one of the 25 Most Influential Executives in Business Travel for creating universal profiles that give all business travelers access to local discounts, unique policies, accounting codes and travel management support. She is a member of The *BTN* Group advisory board, has served on the Association of Corporate Travel Executives board of directors and is a founding leader in WINiT: Women In Travel.

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TO THE BTN HALL OF FAME CLASS OF 2015

In its fifth year, The BTN Group's Hall of Fame received five more honorees in front of a crowd of 250 business travel buyer and supplier executives. The elite circle now numbers 29 members. American Express Global Business Travel chief global sales officer Christine Ourmières-Widener joined perennial scholarship sponsor United Airlines and its senior vice president of sales, Dave Hilfman, to present the Business Travel Hall of Fame scholarship awards to New York University Preston Robert Tisch Center for Hospitality and Tourism graduate student Lilia Elan and undergraduate student Irene Kulbida. The Business Travel Hall of Fame Scholarship Fund renamed the undergraduate scholarship in honor of NYU alum, BTN Group Hall of Famer and American Express exec Ed Gilligan, whose untimely passing in 2015 impacted the industry.

JOHN D. HERTZ

FOUNDER OF HERTZ

"If Mr. Hertz were here today, he would see his name everywhere on the planet and say, 'Wow.' But he wouldn't be complacent. He would have a vision for the next 20 years. He was a relentless innovator."

—Hertz International group president Michel Taride

John D. Hertz built Hertz from one city to a national system of 1,000 car rental franchises, along the way opening the first airport rental car location and establishing a precursor of the credit card. Hertz started several companies—Yellow Cab Co., Yellow Cab Manufacturing Co. and Chicago Motor Coach Co.—but not the one that goes by his name. In 1923, he bought a five-year-old car rental operation and made it the Hertz Drive-Ur-Self System subsidiary of his Yellow Truck and Coach Manufacturing Co., which he later sold to General Motors. In 1933, he introduced the Rent-It-Here/Leave-It-There option, drastically boosting rental car use. In 1953, Hertz's Omnibus Corp. bought the car rental business back from GM, sold Omnibus' public transport interest and changed the company's name to The Hertz Corp.

MIKE LEVEN

HOTELIER

"I've turned around a number of companies in my career, but nothing really stays with me as much as the formation of the Asian American Hotel Owners Association. It provided opportunities to people who were being restricted, but it also proliferated the select-service market."

An enterprising hotelier who helped lead the limited-service hotel trend and established several successful franchised brands, Mike Leven today provides accommodations for fish as chairman and CEO of Georgia Aquarium. He previously served in that same capacity for U.S. Franchise Systems, which he founded in 1995 and which franchises Microtel Inn & Suites and Hawthorn Suites. From 1990 to 1995, he was president and COO of Holiday Inn Worldwide, launching and growing Holiday Inn Express. For the five years prior, Leven served as president of Days Inn, reorganizing the company and growing it from a regional chain to one of the largest brands in the world. He is a co-founder of the Asian American Hotel Owners Association, which has over 14,000 members who own more than 20,000 hotels.

New Year's Resolution: Manage Your Company's Travel Spend

BY ELIZABETH WEST

So this is the year you've been tasked with managing travel. Now what?

The good news is that there's never been a better time to enter the space. Solutions targeted to small and midsize travel programs have proliferated in the past three years and tool sets overall have become more agile. Of course, working with a small or midsize program comes with limitations: Smaller budgets may shrink the scope of the program and limit the range of technologies in which the travel or procurement manager can invest. Lower spend also may cap discounts available from suppliers.

Stay optimistic. Compliance to defined travel policies alone can make an immediate impact. Gaining visibility into travel activities over time will deliver intelligence for a larger strategy. Plus, agility is a benefit for small and midsize travel programs: Fewer levels of approval and lower risk may translate into a company's willingness to innovate. So get started.

Think Big

Travel is connected to many areas of the organization. When working with a small or midsize travel program, define as large a scope as you can based on the budget and any internal resources available. The travel program proper will include travel policy, a travel man-

agement company partner and booking technology, along with attention to air, hotel and car rental suppliers. But consider payment systems and expense tools, as well. They will affect the program from defining processes to capturing data and delivering a smooth end-to-end experience for the traveler. Defining a broader scope now could translate into a more effective program.

Program Quick Start

Initiate an interim program immedi-

Ditch Linear Timelines

It's tempting to create a to-do list with the idea that you will source a preferred TMC or online booking tool first, then create policy, then tackle each supplier category one after another and so on. It may work, but it likely will take more time. Instead, think of travel program creation as analogous to cell division: The growth tends to be exponential when elements are set in motion simultaneously and the faster the program then can come to life. Set expectations with management that the first three months may show only small advances that are setting the stage for a robust program.

Understand The Value Of The TMC

A trusted sounding board and a few extra hands can be critical in setting up—and maintaining—a nascent trav-

el program. For that reason alone, establishing a solid TMC relationship at the very beginning of the process can be one of the keys to success, but there are other benefits. Access to TMC rates for hotels and other suppliers may be a welcome alternative to formal sourcing initiatives, particularly for travel buyers with lower spending levels. For small and midsize programs, the TMC very often is the gateway to an online booking tool and mobile app for traveler services. TMC reporting

"Best Practice" May Not Always Be Best

Travel management is changing, and many new options are friendly to small and midsize programs. That said, carefully consider even widely accepted best practices and solutions to make sure they will work for the company's unique program. Is a large—and resource intensive—RFP process necessary for the hotel or air program, for example? There may be alternatives, like emerging price-tracking technologies, which could accomplish similar objectives. Likewise for payment systems. A start-up or small company may not have the requisite credit or spend levels to support a corporate card program, but might look at an all-in-one purchasing and T&E card or explore virtual or reloadable options that still deliver good data.

Set The Stage For Future Strategy

Indeed, data is the endgame for travel management. It reveals compliance levels, drives supplier relationships and discounts, helps locate travelers in case of emergency and more. Whether managing travel full or part time, the travel manager must be clear on the company's ob-

Every other month, *BTN's* 2016 SME Series will explore the following:

MARCH 7: The One Page Travel Policy—Is It Real?

MAY 16: Identifying The Data That Matters

JULY 18: Innovating In Small & Midsize Travel Programs

SEPT 5: Scaling An SME Payment Program

NOV 21: Implementing Agile Expense Reporting

Increased agility can be a benefit for small and midsize travel programs: Fewer levels of approval and lower risk may translate into a company's willingness to innovate. So get started.

jectives and create a program that can track quantifiable results against those goals. [➔](#)

Special thanks to Rick Wakida, global travel and card manager for DocuSign, for informing this article. Wakida has initiated or inherited half a dozen midsize travel programs in the past 15 years. He is a former president of the Silicon Valley Business Travel Association and sits on the government relations committee for the Global Business Travel Association.

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Marketing Embraces SMMP: Are Travel Managers Ready?

Kevin Iwamoto, Kari Wendel
and Debi Scholar

In 2016, *Business Travel News* will feature a quarterly dialog with strategic meetings experts, ranging from technology gurus to data hounds to corporate meetings managers who have demonstrated practitioner prowess. For the first installment of the series, *BTN* editor-in-chief Elizabeth West sat down with the vertiable founders of strategic meetings management—Lanyon vice president of industry strategy Kevin Iwamoto, strategic meetings management coach Debi Scholar and CWT Meetings & Events senior director of global SMM strategy and solutions Kari Wendel—to talk about the state of SMM and how mainstream adoption has evolved the sophistication of the practice. Read on ...

Business Travel News: Haven't marketing events and exhibitions—those client- and consumer-facing meetings—always been included in the scope of strategic meetings management?

Debi Scholar: At some companies they were. But often, people in marketing or other business units considered [their programs] a different

animal and that strategic meetings management couldn't affect the exhibits or the booths or the other activities that happen [because] there was no room to negotiate. In reality, there are plenty of opportunities to negotiate and look at sponsorship differently. More companies are realizing that now.

Kevin Iwamoto: Companies wanted it all at the beginning, but they realized that was way too much to handle. They needed a proof of concept. Now that SMM has become more accepted as the standard, [it has] opened the door. Marketing groups and other groups that were not necessarily included or part of the original category management of meetings and events are joining in.

Kari Wendel: Marketing departments were often left to last, for a number of reasons. If things were working well somewhere, they tended to be working there. These are marketing and event professionals. There are so many other meeting centers within corporations that traditionally are not managed as well as marketing events, so it made sense

to start with the more problematic centers. Plus, marketing historically pushed back harder as procurement got more involved. However, these days, I'm definitely seeing across our client base that marketing events—and the marketing departments—are seeing the value. SMM programs have generated a good internal talk track and high credibility. I've seen marketing departments come voluntarily to the discussion, saying, "OK, there are whole pieces, maybe transactionally and logistically, of our meetings that we would love to not do if we didn't have to do them and that's going to enable us to focus more on content and the right delivery." We're even seeing a trend in RFPs and consulting engagements being issued by marketing departments at the start of SMM programs, which is new for us.

BTN: Is the involvement of marketing changing the focus of SMM? Traditionally, SMM efforts have prioritized operations above everything else.

Wendel: Many SMM programs are considered successful when they

BTN's 2016 Meeting Mavens

This year, *BTN* will talk shop with the following meetings management experts. Have questions you want them to answer? Email Elizabeth: ewest@thebtngroup.com

Kevin Iwamoto
Lanyon

Debi Scholar
SMM Coach

Kari Wendel
CWT Meetings & Events

Erin Stahowski
McDonald's Corp.

Bobby Badalamenti
Siemens

Anil Punyapu
Cvent

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Meetings Analytics

Illustration by Scott Pollack

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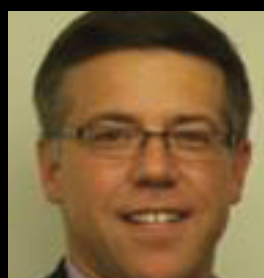
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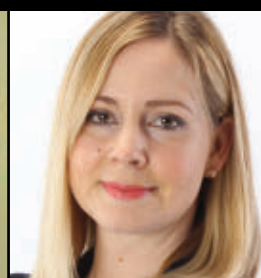
- **Discuss original BTN research into the adoption of advanced mobile travel management strategies, policies and practices**
- **Explore airline industry trends and forecasts**
- **Gain valuable insight on hotel trends and what they mean to buyers**



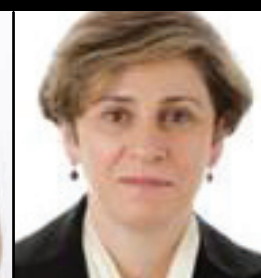
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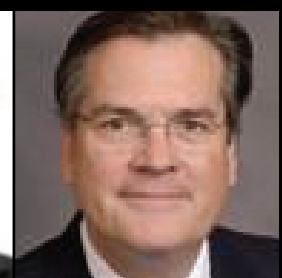
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create a pretty solid machine that repeatedly moves meetings through a defined process. There are a nice level of savings and high-quality data but sometimes limited levels of satisfaction. When marketing becomes a true constituent in an SMM program, the bar moves higher for service excellence and for more advanced meeting professionals to really meet the needs of those

needed to prove that the investment-heavy meetings they hold are successful. With today's technology, we can do more and it's getting easier.

Scholar: A couple of years ago, I did a study with a financial services client using a [mobile] meetings app. Over the course of several months, we were able to identify the clients who participated in one meeting or multiple meetings, who downloaded available

the ability to influence marketers. One of them is group travel and the reasons why group travel should be booked through the preferred travel management company. Not only is it fares; it's also duty-of-care risk.


Another area is hotels. There's a lot of ability to leverage transient hotels with group hotels. If a company has a good program in place and can see the synergy, the travel manager should be able to work with marketers to explain which hotel properties might offer marketing events an even better deal, which potentially would allow the marketer to use reinvestment money.

Automation is another. If we can help educate travel leaders on the technologies that are in place today, those technologies have a lot of marketing capabilities. Plus, the automation helps the travel leaders because there's integration with the online booking tools.

Last, the marketers would benefit by the travel leader's ability to direct card. If you're using a [purchasing] card or a meeting card or a corporate card ... often, travel leaders are managing the card products and marketers might have visibility into the ways things are purchased or how budgets are spent.

Iwamoto: I'm surprised at the level of noninteraction there is between marketing and transient travel. There have been several times when we, as a third-party supplier, have separate contracts with both groups and have to make the internal introduction for them because they have not reached out to each other or even tried to work together or look at potential synergies.

To that point, I want to emphasize something Debi said: Leveraging transient spend with the meetings and events spend. That's the last bastion of negotiated savings leverage that travel buyers have today. The law of supply and demand, unfortunately, and for the last four years and for the next year or two, looks like it's going to be on the supplier-advantage side. The only way that travel or procurement managers can continue to negotiate decent levels of discounting is to combine the transient spend data with the meetings spend data and make deals happen from that vantage point.

So if travel managers haven't introduced themselves [to marketing], they really should. Marketing has buying influence, and travel managers bring a lot of program discipline and reporting discipline. 

“IF TRAVEL MANAGERS HAVEN'T INTRODUCED THEMSELVES [TO MARKETING], THEY REALLY SHOULD. MARKETING HAS BUYING INFLUENCE, AND TRAVEL MANAGERS BRING A LOT OF PROGRAM DISCIPLINE AND REPORTING DISCIPLINE.”

LANYON'S KEVIN IWAMOTO

marketing teams. Secondly, when the marketing team comes into the fold, the “savings”—I'm using air quotes—that we want to capture from a historical procurement perspective are not savings to them. They're more meetings, or they're more tools to facilitate their business objectives. That will change, as well, for centralized programs.

BTN: Service excellence, attendee engagement, better content delivery. These terms have gotten a lot of buzz in the past year for meetings. Technology has largely enabled them; marketing is implementing. What are you seeing?

Iwamoto: I've seen a huge shift in the efforts to measure experiential return on investment, return on engagement and return on objective. With current technology—mobile, onsite and other data-capture processes—we see more analysis and strategy emerging. A lot of it is centered on lead retrieval, materialization of those leads, how much revenue did that event capture, how much pipeline did that activity develop. It's a much more analytical approach to managing the business.

Wendel: Marketers spend a lot of time, money, energy and resources in producing their meetings. The people that I've known that are best at measuring return on investment and engagement over the years have been constituents of my own SMM programs who were in marketing. They were already measuring returns before SMM ever began because they

presentations, etc., etc. And what we found was that [the ones who participated more] actually produced more revenue for the company.

That's the type of data that we want to get. You want to bring all your marketing tools together. You can find out when were they in the room; when were they on a virtual meeting; whatever delivery method we choose, how are they getting the content; how many meetings did they go to or shows did they go to. Then, how can you use that data to show if they attended once, if they attended twice, if they attended three times; how much did they interact within the meeting app; how many documents did they download. Then, as a result, did they actually buy something? That really shows not only the return on investment but also return on engagement.

BTN: With marketing coming more readily into SMM, what is the role of travel management and how can travel managers work well with marketing?

Wendel: Travel managers ... need to be sound business professionals who are interested in being collaborative partners. As long as they take that approach and listen and do their best to understand the perspectives that the marketing professionals are coming from, everyone's going to be fine.

Scholar: There are at least four different areas where a travel leader has

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United Joins Delta In Offering Operational Performance Guarantee To Corporate Clients

BY MICHAEL B. BAKER

United Airlines is offering corporate clients compensation this year should it trail its top two competitors in operational performance.

Delta Air Lines launched a similar guarantee this past summer. United's Global Performance Commitment will measure its on-time and cancellation metrics against those of Delta and American Airlines. Should it perform worse than both in both metrics, eligible corporate clients will receive United Services Funds, which they can use the following year for certain waivers and some amenities, including upgrades to Economy Plus. The funds do not cover flight purchases and premium-cabin upgrades.

United deviates from Delta in how it measures those metrics and who measures them, senior vice president of worldwide sales Dave Hilfman said. "Clearly, there's a value in making a significant commitment to operational excellence and backing it up," he said. "We thought to ourselves, 'How do we differ-



"Customers have noted the operational improvement, so it's a great time to stand behind it."

—UNITED AIRLINES' JAKE CEFOLIA

entiate ourselves and make it more valuable to more of our customers?"

For one, United will measure its full network, including international flights and United Express regional flights. It also will not use U.S. Department of Transportation metrics to gauge performances, as Delta does. Instead, it will use "an independent third-party vendor," whom Hilfman could not disclose. That vendor will provide data monthly and will be "auditable and transparent" to clients, he said.

As such, metrics defining on-time performance and cancellations will vary, too. The DOT categorizes flights as on time when they reach the gate within 15 minutes of the scheduled time. United will

consider any flight not at the gate by the posted arrival time to be late. Additionally, it will include flights canceled by weather or other uncontrollable factors in completion factors.

Participation, which began Jan. 1, is open to all accounts participating in a United corporate share agreement for the full-year 2016 and to "select global, U.S.- or Canada-based accounts with U.S. marketshare goals," according to United. A client must have at least 95 percent compliance with its contracted goals to qualify. Compensation levels range from \$1,000 for companies with 500 or fewer delayed or canceled flights to \$250,000 for

companies with more than 35,000 affected flights.

Delta's operational performance leads the market, but Hilfman is confident United will not have to pay out on its guarantee, citing the airline's operational improvement this year. Completions and on-time arrivals in 2015, whether absolute or with the 15-minute grace period, are at their highest levels in the four years since United and Continental have had a single U.S. Federal Aviation Administration operating certificate, according to United.

"Customers have noted the operational improvement, so it's a great time to stand behind it," United vice president of sales for the Americas Jake Cefolia said. [▶](#)

Lufthansa Expects Corporate Direct Connections Early This Year

BY JAY BOEHMER

Lufthansa German Airlines is connecting its Farelogix-powered direct connect with corporate clients and expects

to announce a couple of implementations "at the beginning of 2016," chief commercial officer Jens Bischof said at The BTN Group's Business Travel Trends & Forecasts conference in New York last month. "We

have currently our two biggest corporate customers in the works of being connected," he said, adding that Lufthansa is "working together with the TMCs and the customer."

In June, Lufthansa announced its controversial commercial strategy that included surcharging global distribution system bookings, effective Sept. 1. It since has embarked on a direct-connect initiative to enable users a way to avoid the fee and eventually access differentiated content, said Bischof, whom *BTN* has named one of the Most Influential of 2015 (see page 12).

In November, the Lufthansa Group announced direct-connect technology partners, including Travelfusion, a United Kingdom-based content aggregator and tech provider that has worked with



"There are so many possibilities which you can incorporate in one fare bundle and make that exclusively available for one corporation."

—LUFTHANSA'S JENS BISCHOF

such travel management companies as Egencia and Hillgate and with corporate booking tools powered by Amadeus, Sabre, Concur and KDS. Other technology providers include DCS Travel Technologies, InteRes, Peakwork Software, SoftConEx and Ypsilon.net.

Lufthansa Group exposes its direct connect via a Farelogix application programming interface. The company noted that corporate partners can build directly to the API or "make use of a technology and/or agency partner with an existing IT-Link," according to the company. "I can tell you the first month we were already able to implement, especially European-centric, quite a few direct-connect solutions with tour operators, with wholesalers, with distribution consolidators, and already we're working on the first direct-connect solutions with major corporates, which we're

going to announce at the beginning of the year," Bischof said. Lufthansa also announced participation in the Book on Google feature via the Google Flights metasearch system for United States-based users.

While corporate direct connects will at first focus on "the necessary functionality" to facilitate a transaction, Bischof said, "I do believe that bringing along richer content and giving the customer an idea of what he or she is purchasing is something straight after that. It will come, and we will of course be able to display pictures, videos but also other information."

Asked how Lufthansa would replicate mid-office and back-office functions supported by the GDSs, such as reporting, Lufthansa replied in a statement: "Already today there are a lot of technology providers which ensure corporate's mid- and

back-office functions. Lufthansa will not replicate those functionalities but rather cooperate with those technology providers and provide capable interfaces to allow for feeding existing functionalities and modular setups."

Bischof also expects direct connect to enable negotiated corporate fare bundles, a concept also discussed by other airlines. Through such corporate-specific fare bundles, Lufthansa would, for example "define whether this is the last seat of the house and what services are included—two bags, lounge access, healthy food choices or fast-track," said Bischof. "There are so many possibilities which you can incorporate in one fare bundle and make that exclusively available for one corporation," said Bischof. "This will take us a little while. My estimation: 24 months rather than 12 months." [▶](#)

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Premium-Economy Cabins In The States

BY MICHAEL B. BAKER

This year, American Airlines will introduce premium economy cabins on international flights on wide-body aircraft, and Alaska Airlines will add them on as many as 60 aircraft.

American will add Boeing 787-9s to its fleet, in which Premium Economy will span three rows of seven seats each. American also will install Premium Economy on Airbus A350s when those planes begin service in 2017, and over the next three years, it will retrofit other aircraft, except Boeing 767-300s, which are slated for retirement.

“Premium Economy is offered today by many premier carriers around the world,” American Airlines chief marketing officer Andrew Nocella said. “We studied those offerings and developed a world-class product with

larger seats, more legroom, improved entertainment and upscale headphones and amenity kits.”

The cabins will feature leather seats with 38 inches of pitch. Passengers also will get priority boarding, two free checked bags and complimentary alcoholic beverages. American still will offer Main Cabin Extra seats, which feature extra legroom, on flights with Premium Economy cabins.

Alaska expects to upgrade its entire fleet by 2017. The seats will feature three or four inches more legroom and extra pitch and will include priority boarding and other amenities.

American, United Airlines and Delta Air Lines already offer premium options in economy class, but until now, only non-U.S. carriers have offered premium economy in distinct cabins. [▶](#)

Cheapest Window To Buy Airfare

BY MICHAEL B. BAKER

Economy tickets purchased at least 21 days in advance for travel within North America are 31 percent cheaper than those purchased within three weeks of departure. Similarly, premium class tickets bought three weeks ahead of time save the buyer 27 percent. That's according to Airlines Reporting Corp. and Expedia's analysis of airfare data collected between January and October of 2015.

For travel between North America and Europe, the three-week window brings savings of 21 percent in economy and 20 percent in premium classes. The savings rise higher for travel within Europe, for which economy tickets are 36 percent cheaper.

The optimal lead time, howev-

er, is farther in advance, which is beyond practicality for most corporate travel programs. The data indicated that economy tickets for flights within North America were cheapest 57 days prior to travel, when the average fare was about 10 percent lower than the average North American fare over the study's 10-month period.

For international flights from North America, that window fell even farther out. Tickets to South America purchased 90 days ahead of departure were 10 percent lower than the average price of tickets over the duration of the study. Tickets to Asia/Pacific purchased 160 days out were 13 percent cheaper than the average. And tickets to Europe purchased 176 days in advance were 11 percent less expensive. [▶](#)

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AccorHotels Buys Fairmont Parent Company

BY JULIE SICKEL

AccorHotels will buy FRHI Holdings, the parent company to the Fairmont, Raffles and Swissôtel brands, for \$840 million cash and 46.7 million new Accor shares.

"[This deal] offers us robust and global leadership in luxury hotels, a key segment in terms of geographic reach, growth potential and profitability for long-term value creation," said AccorHotels chairman and CEO Sébastien Bazin.

Bjorn Hanson, a clinical professor at the New York University School of Professional Studies Tisch Center for Hospitality and Tourism, said the deal would allow FRHI's owners—Qatar Investment Authority and Kingdom Holding Co. of Saudi Arabia—to realize some of

the value that's been achieved through the recovery since the recession. "[Fairmont] is a stronger brand," he said. "It has a higher unaided recall than brands with many more hotels, so to give it an international platform and a new level of energy for growth makes sense."

The FRHI portfolio comprises 155 hotels, 40 of which are under development, across 34 countries on five continents. The deal would give Accor a more significant global footprint both in the luxury space and in North America, where FRHI has 42 properties. As the Starwood-Marriott



"Through [this deal], we are positioning ourselves as a key player in the current industry consolidation process."

—ACCORHOTELS CEO SÉBASTIEN BAZIN

merger will do for Marriott, this transaction will provide Accor with a strong customer base via FRHI's loyalty program, which features 3 million members, 75 percent of which are based in North America.

"Through [this deal], we are positioning ourselves as a key player in the current industry consolidation process while maintaining substantial leeway to implement our transformation plan," Bazin said. [▶](#)

Switch From Orbitz To Concur Is Just Part Of IBM's Long-Term Strategy

BY ELIZABETH WEST

In February 2015, just one year into a six-year contract with Orbitz for Business, IBM was implementing at full speed; IBM employees in 45 countries already were using the OFB booking tools. Shari Quackenbush, IBM global agency and online lead, had slated 15 more countries for implementation by the end of 2015 and had 30 more on the docket. That's when Egencia announced its proposed acquisition of Orbitz for Business. Though the tie-up was still subject to U.S. Department of

Justice antitrust approval, the wheels were turning for Quackenbush. "We were concerned about what that would mean for us," she said, despite the perceived comfort from the fact that IBM was OFB's largest customer and one of the biggest business travel spenders in the United States. "We expected when the deal went down that ... we could go into that [situation] in a leadership position." After all, she said, "we are the biggest. If they wanted to keep us, they would keep us on what we wanted to be on for a period of time."

"Where we are headed with corporate booking is beyond type: It's mobile. It's end to end. We'll take advantage of Concur Mobile, but it will be part of the strategy, not the whole strategy."

—IBM GLOBAL AGENCY & ONLINE LEAD SHARI QUACKENBUSH

Justice antitrust approval, the wheels were turning for Quackenbush.

Egencia's leadership did not share that perspective, informing OFB clients in November that they would be transitioned to Egencia's tools and

services. That did not affect IBM, however, because the company already had decided to transition to Concur, Quackenbush said. "The timing was interesting because the decision was made independently of the Orbitz [acquisition], but it was not a problem [IBM's travel team had] with Orbitz that sent us in a different direction. Our team was going full-speed ahead on the Orbitz implementation." Rather, said Quackenbush, the company's leadership led the move, involving the travel team late in the process. "I wouldn't say

Impact Of IBM GERS-Concur Deal

IBM announced in 2014 that it would stop operating its Global Expense Reporting Solution as a stand-alone product on March 31, 2016, and referred its clients to Concur, which SAP acquired later that year. IBM itself also will move to the Concur expense solution. "It's the typical way with programs," said Quackenbush. "They lead with the expense solution and then allow the travel commitment to follow, but we have a pretty strong relationship with SAP so it made sense all the way around."

the decision had been made [already to move travel to Concur], but there was a good likelihood."

Extra Care For The Cutover

Quackenbush conceded that IBM gains much from combining travel and expense under Concur. With American Express Global Business Travel as IBM's travel management company, the implementation will follow a well-worn path even for a large, global program. Plus, all is not lost from the OFB rollout, she said. "Putting out a booking tool is not a two-way street. It involves three parties. [Amex GBT] had to do a lot of work [for the OFB implementation] that we can transition to the Concur implementation."

But it has to be more than a booking tool this time around, said Quackenbush, who admitted that she faces a two-year simultaneous rollout for travel and expense tools while Egencia will support the Orbitz tools for only a single year.

Since IBM was already serious about cutting over to Concur before the Egencia-Orbitz marriage cleared the antitrust process, there was a plan in place. "But we were going to implement differently; we thought we would have more time," said Quackenbush. Nevertheless, "the only way to switch is to come out with something more

complete; otherwise you end up confusing everyone."

It's a tricky undertaking that requires rolling certain markets back onto IBM's previous Online Travel Reservations site for a limited time. This site is built on Travelport's Traversa technology, and Travelport has committed to maintaining that tool as needed for IBM. Yet some countries never had the OTR tools, so they will be first in line for Concur implementation lest they end up without any travel tools at all.

"We have eight countries in Africa where Concur really is [the only potential provider], but we have IBMers in Kenya that are typically using their phones to book on Orbitz," said Quackenbush. "So we have to be careful about how we approach this."

Concur Is Just Part Of The Strategy

Quackenbush is looking way beyond the core cutover to Concur, to a longer-term vision for supporting the business journey. "The actual booking tool is just small piece of it," she said. "Where we are headed with corporate booking is beyond type: It's mobile. It's end to end. We'll take advantage of Concur Mobile, but it will be part of the strategy, not the whole strategy."

Quackenbush said Concur has many of the pieces IBM would want, but IBM is not focusing on individual apps. "It's going to be a strategic interaction with travelers," she said. "We will look at travelers along the journey and start to plug in pieces at specific places along that journey, whether that piece is from Concur or another partner, whether it's ours or owned by a supplier. I can't say at the moment. There is a lot of conversation happening right now." [▶](#)

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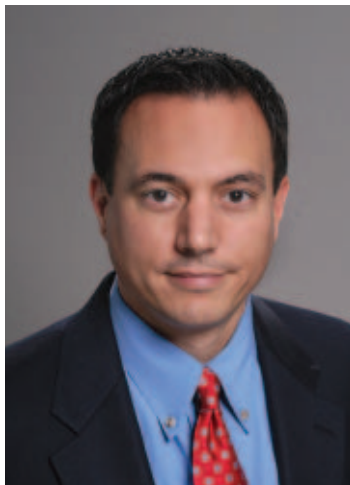
BY JoANN DeLUNA

Certify's strong annual revenue growth rate, projected to land at more than 70 percent for 2015, allowed the expense management provider to reinvest in the business and release several features last year, CEO Bob Neveu told *BTN*. In the third quarter, it processed more than 8.5 million receipts and expenses. "We have plenty more customers, more revenue and a lot more cash, so we're saying 'Let's build more, do more and continue to invest in new talent and new ideas,'" he said. "That's critical because we're investing for the future."

Certify groups product development into three categories, according to Neveu: leadership, which determines new and unique products; competitive response, meaning products and features similar to competitors' offerings; and client input, which encompasses about 70 percent of Certify's features. "While those kinds of [features] are really important, they're not headline grabbers," he admitted. "[But] when we went back to the thought leadership category, we had a lot of ideas."

Most recently, in November, the company announced Mobile Tip Assist, which gives users three different ways to add gratuity amounts to expenses photographed through Certify's mobile app: by percentage, by specific dollar amount or by clicking an up arrow to change tip amounts in dollar increments. Then the tool automatically calculates the tip. The system also deciphers expense categories that don't require tip prompts, such as hotels.

A large percentage of receipts are meal based, but optical character recognition technology doesn't accurately capture handwritten amounts. That means customers often have to alter amounts in the system. "This was one of those aha moments when you ask, 'Wouldn't it be great if it did this?'" Neveu explained. "No one is doing OCR on handwriting."



"Don't think about [Certify] as expense reporting. Think about what else can be put into that engine. What if you have an invoice, time off, anything that needs ... to be put into the accounting system? Arguably, we've created a workflow, a process to manage, a way to audit, to control and contain it."

—CERTIFY CEO BOB NEVEU

And in October, the company launched Certify Mobile Instant Policy Check to notify travelers in real time when an expense falls out of policy. The inspiration for this feature, Neveu said, was the realization that travel managers were investigating compliance only after a report was submitted. "Why would you want to wait? Our concept was: Let's get that information to users immediately and give them the opportunity to interact and modify that expense to bring it back within policy compliance." Consider its use with open booking: If a traveler were to book a noncompliant flight and the tool notified him or her immediately, the traveler would have time to change the flight, considering most airlines allow changes without a penalty within 24 hours.

Also, in June, Certify became one of the few providers that automatically calculates the U.S. General Services Administration per-diem rates that represent maximum allowances for federal employees and contractors. The rates are particularly complicated because they're based on a combination of factors that include dates, destinations and meal combinations.

Other Certify announcements and upgrades included integration with global distribution system Amadeus

and automatic mobile translations through Google Translate. That feature also allows companies to override the language for their own use to account for dialect or other factors. And Certify is not stopping there. "We have plenty of great functionalities coming in January," Neveu said.


Looking Forward

Now that Concur is more integrated into SAP, including SAP's procurement management firm, Ariba, and services procurement firm, Fieldglass, expense firms need to expand their product set, Neveu said. "Is it OK to just do expense reports anymore? Probably not. You probably have to have a broader reach to be successful in the marketplace."

His thinking echoes that of companies like Deem and Coupa. Deem told *BTN* it wanted to be the Amazon of travel, offering more than 11 million products, connections to 100,000 merchants and car services. Coupa, which also has been described as having an Amazon-like shopping experience, launched in the procurement sector in 2006 and added expense management in 2009. In July, it acquired travel technology provider TripScanner and plans to incorporate the firm into its expense management offering.

While Neveu is happy with Certify's current position in the travel industry, a natural progression toward invoicing and procurement lies ahead, he said. "Don't think about it as expense reporting. Think about what else can be put into that engine. ... What if you have an invoice, time off, anything that needs manager approval and needs to be put into the accounting system? Arguably, we've created a workflow, a process to manage, a way to audit, to control and contain it. ... Certify [and others] will try to optimize that and make something out of that, more than just an expense reporting tool."

Still, Neveu doesn't want potential customers to make decisions based on what Certify could launch in the future. "Yes, we will continue to evolve as has been proven by the past eight years, but we want the message to be very clear: Here's what we have today and it meets your needs."

Despite consolidation in the expense industry, Neveu said Certify is not ready to exit the market. Rather, he sees a "very big opportunity," especially as the company gains international customers. It's also unlikely that Certify will acquire other companies. "We wouldn't say no to acquisitions, but it's less likely than us building it ourselves," he said. 

Expensify & Nexonia Settle Lawsuit Over SmartScan Trademark

BY JoANN DeLUNA

Expense management providers Expensify and Nexonia have settled a lawsuit in which Expensify had accused Nexonia of marketing a product under the SmartScan name, which Expensify had trademarked. Expensify filed the suit in the U.S. District Court of the Western District of North Carolina on Nov. 11.


Expensify's SmartScan tool scans receipt information using optical character

recognition technology and either creates an expense item or matches it to an existing expense, eliminating the need to input expenses manually. Per the settlement, Nexonia stopped using the term "SmartScan" on its website and products.

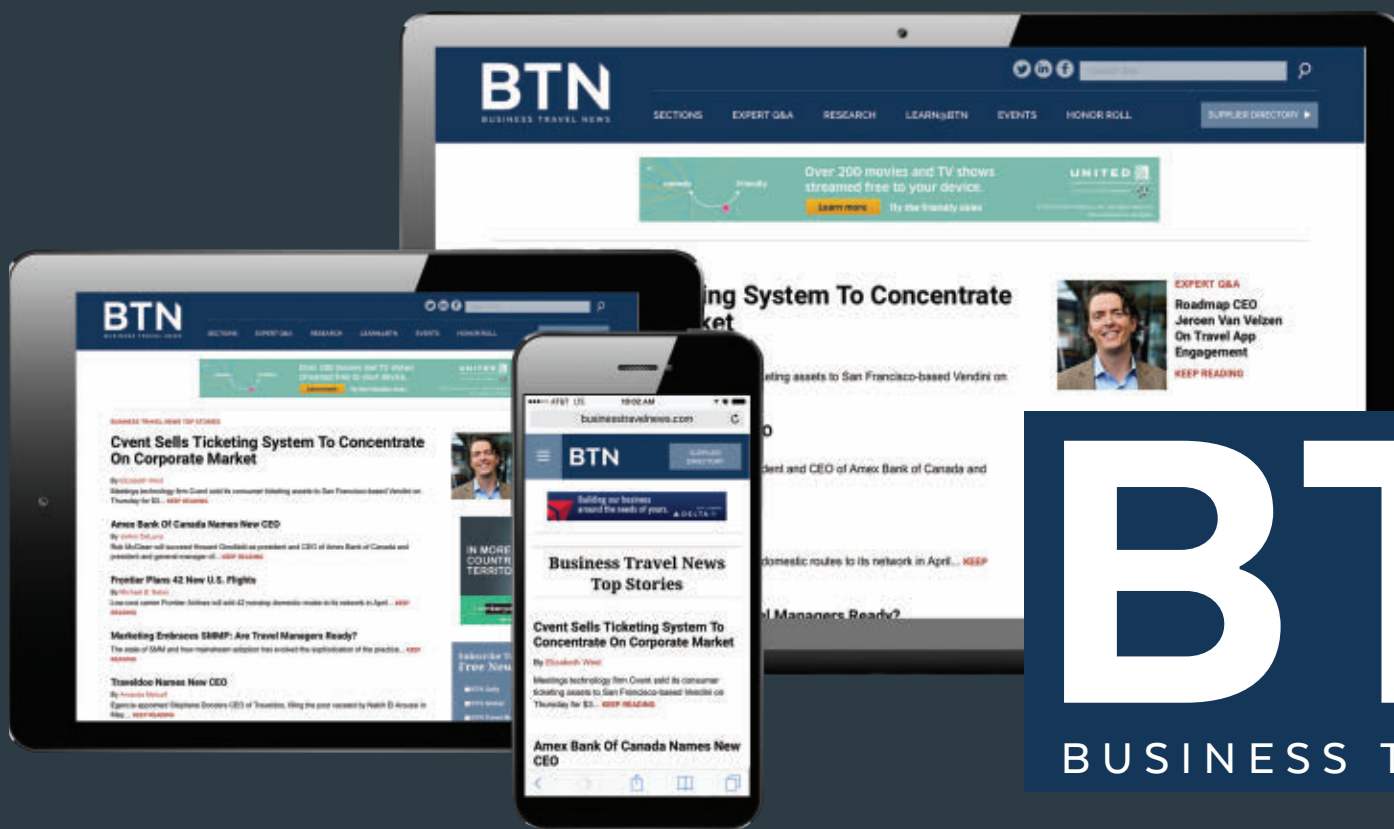
Nexonia CEO Neil Wainwright said he looked at Expensify's website immediately after receiving documentation of Expensify's lawsuit but couldn't distinguish SmartScan as a registered

trademark. "[Expensify] felt we were knowingly and improperly using their trademark, when in fact we didn't know. We thought it was a generic term," he said. "We immediately changed [the name] to Nexonia OCR. No customers were affected, and there were no delayed services."

An online search for "SmartScan" turns up other companies that use the name for similar document-scanning

technologies. In a prepared email, Expensify CEO and founder David Barrett said he was unsure how "aggressive" Expensify would be in taking action against other companies' illegal use of the trademark. "Nexonia was an easy decision since they were an older incumbent who used mobile scanning and our trademark to close a new round of funding, which is obviously unacceptable," Barrett stated. 

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Four Hidden Benefits Of Reviewing & Evaluating Travel Policy

BY JULIE SIMPSON

A travel policy can be a lot like a junk drawer. Stuff gets thrown into it. You know you need to clean it out but never seem to get around to it. There is always a new crisis or something else that demands attention, taking priority or otherwise distracting you from the task.

Travel managers recognize the necessity of “cleaning up” travel policy. New trends like the sharing economy come along, changes in technology introduce new and better ways to manage traveler security or perhaps the company’s focus changes. Evolving company priorities—with a focus on saving money, traveler safety, traveler comfort or all three—can necessitate significant changes to existing travel policy. Beyond broader industry and company changes, it’s also important to benchmark your policy against others in your industry for competitive reasons.

A good policy will keep travelers safe, enhance your ability to negotiate with suppliers and save the company money, but there also are numerous hidden benefits to regularly reviewing and evaluating your travel policy in 2016:

1. Increased Visibility

Reviewing and adjusting your travel policy is an opportunity to increase visibility within your organization. Buy-in from senior management is key in gaining companywide approval and support. Clearly communicating the benefits of managing policy is also vital and highlights the benefit of an effective program manager. Additionally, increasing interaction with senior management could facilitate support for other travel-related initiatives.

2. Better Engagement

When undertaking travel policy review and evaluation, other units within your organization need to be engaged. Lead-



ing a committee with representatives from HR, legal, finance and others increases your sphere of influence. Collaboration with these divisions brings them inside the policy and makes compliance more likely.

3. Improved Communication

Introducing a refreshed travel policy is a great opportunity for travel managers to get out there and be seen. Many travel managers spend more time with suppliers than they spend with their internal clients, so this is a good chance to get to know them and be known. Use Web postings,

emails and presentations to communicate with travelers and travel arrangers.

4. Better Direction

New employees/travelers actually appreciate guidance. Most want to know where to go to find the policy and what is expected. Keeping the policy concise and adaptable to multiple media helps. Focus on “what’s in it for me,” and answer the two most important questions: “What do I need to do?” and “What can’t I do?”

The bottom line: A good policy takes care of travelers and saves money for the company. The more travelers understand that a sound and up-to-date policy is there to keep them safe, provide them negotiated benefits and support the company’s objectives, the higher compliance will be. And higher compliance makes the job of every travel manager easier.

So set a plan to annually review and benchmark your policy, and “clean out that junk drawer.” It is a process that is so easily overlooked yet can provide real benefits to your company and your travel program. ↻

Julie Simpson is senior consultant for GoldSpring Consulting.

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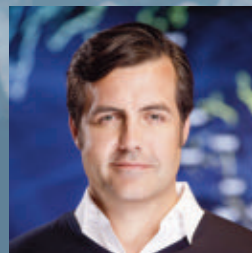
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