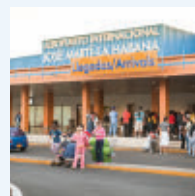


BTN

BUSINESS TRAVEL NEWS



ON THE HORIZON

Starwood is on track to be the first U.S. hotel company operating in Cuba, and the battle for airport slots there is on among U.S. carriers. Who's applying for what.

PAGE 3



MEETINGS MAVENS

Payment data is critical to strategic meetings management success. Two practitioners and a consultant debate the effectiveness of card solutions.

PAGE 12



GLOBAL

A Brussels-based travel industry vet shares the mood among travel managers whose travelers were in Brussels.

PAGE 30

FEATURE



Aloft Munich

BY JULIE SICKEL

Who Will Buy Starwood?

The most straightforward explanation of the events ahead is that Marriott International likely will acquire Starwood Hotels & Resorts Worldwide for \$13.6 billion. But the backstory of what would constitute the largest deal in hotel industry history features more twists than a tangled Slinky, and there's still a bidding war underway.

Starwood first agreed to sell to Marriott in a cash-and-stock deal worth \$12.2 billion in November 2015. On March 11, less than three weeks before each company's shareholders were set to vote on the merger, a Chinese consortium led by Anbang Insurance Group Co. offered to buy Starwood for \$12.8 billion in cash. Starwood accepted an even higher, \$13.2 billion bid from Anbang on March 18, calling it "superior" to the Marriott deal. Marriott quickly came back with its own offer of \$13.6 billion, featuring more cash this time around. Starwood took it.

At press time, Marriott shareholders and Starwood shareholders each are

CONTINUED ON PG 18

BTN'S 2016 EXPENSE MANAGER SURVEY

Corporate Expense Programs Have Matured—Now What?

BY JOANN DELUNA

Less than 20 percent of Databasics' new business in 2015 represented companies that were trading in their spreadsheets and homegrown systems for an automated tool, said vice president of sales Chris Harley. That's a stark change from a decade ago, when 85 percent to 95 percent of Databasics' new business came from companies looking to put manual processes behind them. "Today, the high majority of our customers are companies that have solutions in place and are looking to do second- or third-generation [implementations] of these applications," he said.

That's the same read on expense maturity reflected in *BTN's* 2016 Expense Manager Survey, which queried 184 travel buyers and expense managers in February about their expense programs over the previous 12 months. First-time expense-tool implementation declined from 33 percent last year to just 11 percent in 2016. Only 9 percent of

respondents were still tied to homegrown systems or Excel spreadsheets or even did nothing to manage expenses.

With Phase 1 implementation firmly under their belts, large and even midsize companies have leveraged expense tools across business units and geographic borders, and they are looking to do even more to drive transparency and intelligence.

INCREASED MATURITY, EXPANDED REACH

Pearson Education, which has 40,000 employees in 70 countries, uses multiple expense tools, 56 enterprise resource planning systems and multiple non-integrated processes and data sources to provide single-view expense reporting. This year, the education company is moving to a single expense tool and a single ERP system, according to global travel manager Mitchell Stern.

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BCD MEETINGS & EVENTS
PRESIDENT SCOTT GRAF
EXPLAINS THE COMPANY'S
RAPID RAMP-UP

"We have a strong global presence, but we needed to be stronger in key markets. ... We picked up 11 markets in Europe and four in Latin America, and it complemented where we already had strength in the United States, Mexico and Asia/Pacific."

6 | Data Hub

Europe's Tenacious Hotel Market

PwC expects the imbalance between demand growth and supply growth to continue, plus expected RevPAR growth in 19 major European cities through 2017.



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Applications for Cuba Flights

BY MICHAEL B. BAKER

The battle has begun for the scheduled flight slots between the United States and Cuba, which resumes later this year for the first time in decades, following a memorandum of understanding the two nations signed in February. Carriers large and small are vying for 110 daily round-trip slots: 20 to Havana and 10 each to nine other Cuban airports. Some carriers aim to fly this summer, and the U.S. Department of Transportation "intends to reach a final decision in this matter as promptly as possible," according to its invitation for applications.

Unsurprisingly, considering its Miami hub, American Airlines' proposal is the largest filed so far, and JetBlue Airways' application also requests more than half the available Havana slots. Both Delta Air Lines and United Airlines made more modest proposals.

Because travel between the United States and Cuba remains restricted to certain activities, including family visits, Florida-based regional airline Silver Airways filed for several slots to connect Cuba to smaller Florida airports that serve large Cuban populations like Palm Beach, Fort Myers, Key West and Jacksonville. "Under current law and regulation, the vast majority of travelers to Cuba will come from Florida," the carrier said in its filing. "Traveling options for Florida communities must be the prime consideration in assessing the public benefits in this proceeding."

Other types of travel permitted between the United States and Cuba include government business, educational activities, humanitarian projects and professional meetings and research activities.

At right are the round-trips other carriers have asked for.



Havana's José Martí International Airport

"Traveling options for Florida communities must be the prime consideration in assessing the public benefits in this proceeding."

—SILVER AIRWAYS' APPLICATION TO PROVIDE AIR SERVICE TO CUBA

The First U.S. Hotel Company in Cuba

Starwood Hotels & Resorts will become the first U.S. hotelier to sign deals in Cuba in almost 60 years. It has signed two existing properties in Havana and has a letter of intent from a third.

The iconic Hotel Inglaterra will join The Luxury Collection, and Hotel Quinta Avenida will be a Four Points by Sheraton. Both will reopen under their new brands later in 2016, after renovations. Hotel Santa Isabel has signed a letter of intent to join The Luxury Collection.

"With Cuba's rich history, natural beauty and strong culture, there is no question the entire U.S. hospitality industry has watched Cuba with great interest," said Starwood CEO Thomas Mangas, "and we are thrilled to lead the charge and bring

our sophisticated, high-end brands into the market at this inflection point."

Marriott International said the U.S. Department of the Treasury also had given it the green light to pursue properties in Cuba, but it has yet to announce any deals. Marriott still may gain from Starwood's early action, though, if their merger goes through.

One U.S. lodging company already has entered Cuba. Airbnb's recent How Airbnb Helped Cuban Travel Flourish report stated that between April 2015 and March 2016, more than 13,000 U.S. guests stayed with Airbnb hosts in Cuba. Today, there are almost 4,000 Airbnb listings in the country, up from 1,000 when the home-sharing platform launched there a year ago.

—Julie Sickel

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American

Miami-Havana10 times daily
Charlotte-Havana daily
Dallas/Fort Worth-Havana daily
Chicago-Havana weekly
Los Angeles-Havana weekly
Miami-Santa Claratwice daily
Miami-Holguintwice daily
Miami-Varaderotwice daily
Miami-Camagüey daily
Miami-Cienfuegos daily

Delta Air Lines

Miami-Havanatwice daily
New York City-Havana daily
Atlanta-Havana daily

Eastern Airlines

Miami-Havana daily
Miami-Camagüeythree times a week
Miami-Holguinthree times a week

Frontier Airlines

Miami-Havana three times a day
Denver-Havana daily
Miami-Camagüey four times a week
Miami-Santa Clarathree times a week
Varadero-Philadelphia weekly
Varadero-Chicago weekly

JetBlue

Fort Lauderdale-Havanafour times a day
Tampa-Havanatwice daily
Orlando-Havanatwice daily
New York City-Havanatwice daily
Boston-Havana daily
Newark-Havana daily
Fort Lauderdale-Camagüey daily
Fort Lauderdale-Holguin daily
Fort Lauderdale-Santa Clara daily

Southwest

Fort Lauderdale-Havanasix times a day
Tampa-Havanatwice daily
Orlando-Havana daily
Fort Lauderdale-Varadero twice daily
Fort Lauderdale-Santa Clara daily

Spirit Airlines

Fort Lauderdale-Havana twice daily

Sun County Airlines

Minneapolis-Havana twice a week
Minneapolis-Havanaanother two times a week, stopping at Fort Myers, Fla.
Minneapolis-Santa Clara ... weekly seasonally
Minneapolis-Varadero weekly seasonally

United Airlines

New York City-Havana daily
New York City-Havana Saturdays
Houston-Havana Saturdays
Chicago-Havana Saturdays
Washington, D.C.-Havana Saturdays

BCD Meetings & Events' Scott Graf Explains the Company's Rapid Ramp-Up

BCD Meetings & Events emerged in August as the integration of BCD Meetings & Incentives and BCD Travel Groups. Since then, president Scott Graf has acquired two companies and launched more than a dozen partner markets, and he told *BTN* editor-in-chief Elizabeth West the company is poised to do more.

BCD M&E IS GROWING VERY QUICKLY. WHY THE RUSH?

We are listening to our customers, and, whether they are working with [strategic meetings management] or not, they all want to do more with fewer suppliers. They're looking for multinational and global companies that give them scope, but they also want local delivery and really strong relationships at the local level with stakeholders. We have a strong global presence, but we needed to be stronger in key markets, particularly Europe and Latin America. We picked up 11 markets in Europe and four in Latin America, and it complemented where we already had strength in the United States, Mexico and Asia/Pacific.

YOU HAVE A PARTNER STRATEGY IN THESE MARKETS. TELL ME ABOUT THE VETTING PROCESS AND HOW YOU ENSURE THESE PARTNERS CAN DELIVER THE RIGHT PRODUCT FOR BCD M&E CLIENTS.

Today we're in 40 markets. We own 23 of those; the rest are partner markets. Some partners we may view as long term or they might be ultimately an acquisition target for us, so we're picky. We're not looking for a [destination marketing company] that's trying to get into the event or meeting space.

We look at companies that specialize in either local market or local-plus-outbound meeting and event planning. If, for example, we're working with a company in Vietnam, we want them to be very strong in Vietnam but also must understand how they work with the other 10 key markets in Asia/Pacific. We go through a vigorous onboarding process. Most [of our in-market partners] take on our brand and all the resources we have from a technology perspective or anything from sourcing to planning to mobile [applications].

It could be the same partner as our sister company, BCD Travel. Those [partners] have been vetted, so we go through [just one] extra step for meeting and event services. In other cases, it will be a very different choice based on what's best for our customers.

NEW REGULATIONS FOR EUROPEAN FEDERATION OF PHARMACEUTICAL INDUSTRIES AND ASSOCIATIONS MEMBERS REQUIRE EVEN MORE TRANSPARENCY AND REPORTING OF TRANSFER OF VALUE, INCLUDING MEETINGS COSTS, TO HEALTHCARE PROVIDERS. HAS THIS ENVIRONMENT INFLUENCED YOUR STRATEGY AND PARTNER UPTAKE IN THE REGION?

It has. Life science and pharmaceutical is our strongest sector. Expanding our presence in Europe helps all of our large global customers. ... But we've taken a



BCD Meetings & Events president Scott Graf talks

- Client-driven growth
- Partner versus acquisition strategies
- EU regulatory environment driving more business
- Outlook 2016-17

lot of steps toward compliance training in that market because we saw [these regulations] as an opportunity. [EU companies] have been handling [regulatory compliance] on their own, and outsourcing has been slower than in the North American market. The more regulations that come forth in Europe—and I believe they'll continue to come—customers in that market will start to [see this area] as a great opportunity to outsource a non-core service to someone like BCD M&E. We're trained, we've got the tools, we're ready.

YOUR RECENT ACQUISITIONS, UNIVERSAL MEETING MANAGEMENT AND PLAN 365, PLAY IN THE PHARMA SPACE, CORRECT?

Universal Meeting Management was really working well in the pharma sector for HCP specifics, managing the healthcare professionals. That acquisition gives us proprietary technology to specifically address how we handle HCPs. Plan 365 sets up go-to-market strategies and the speaker bureau for life sciences. It will enhance the ways we help pharma companies go to market when launching new drugs.

HAS THE REGULATORY ENVIRONMENT—IN EUROPE OR ANYWHERE—PUT A DAMPER ON MEETINGS VOLUME FOR THE PHARMA SECTOR? WHAT'S YOUR OUTLOOK?

We've not seen a decrease in volume at all. When companies need to have meetings, they need to have meetings. It's our job for that customer to help them navigate those waters as simply as possible. In some cases, we're seeing more meetings, especially around product launches because they want to get them to market as fast as possible. [The regulatory environment does require] more expertise and rigor than ever before around being compliant. That has to be handled in some form or fashion, and we believe companies will continue to outsource that step.

2015 WAS A BANNER YEAR FOR THE MEETINGS MARKET. DO YOU SEE THE SAME FOR 2016?

We have a very positive outlook for 2016 and into 2017. As BCD M&E, we're in Year 2 of a strategic three-year plan. We're going to continue to invest in talent and technologies but more importantly in acquisitions that address customer needs. That could be for geographic location or new or enhanced product lines.

"As BCD M&E, we're in Year 2 of a very strategic three-year plan. We're going to continue to invest in talent and technologies but more importantly in acquisitions that address customer needs."

We obviously do all kinds of meetings and events and incentives, product launches and strategic programs. We do a lot around sports hospitality and entertainment, as well. In the next two years, we will look to further enhance those verticals in our portfolio. We're investing more on the sales and marketing side. We've often had this kind of understated elegance and relied on other people to tell each other how good we are. We've done well with that, but we're at a point where we can aggressively pursue new markets and new product lines. ■

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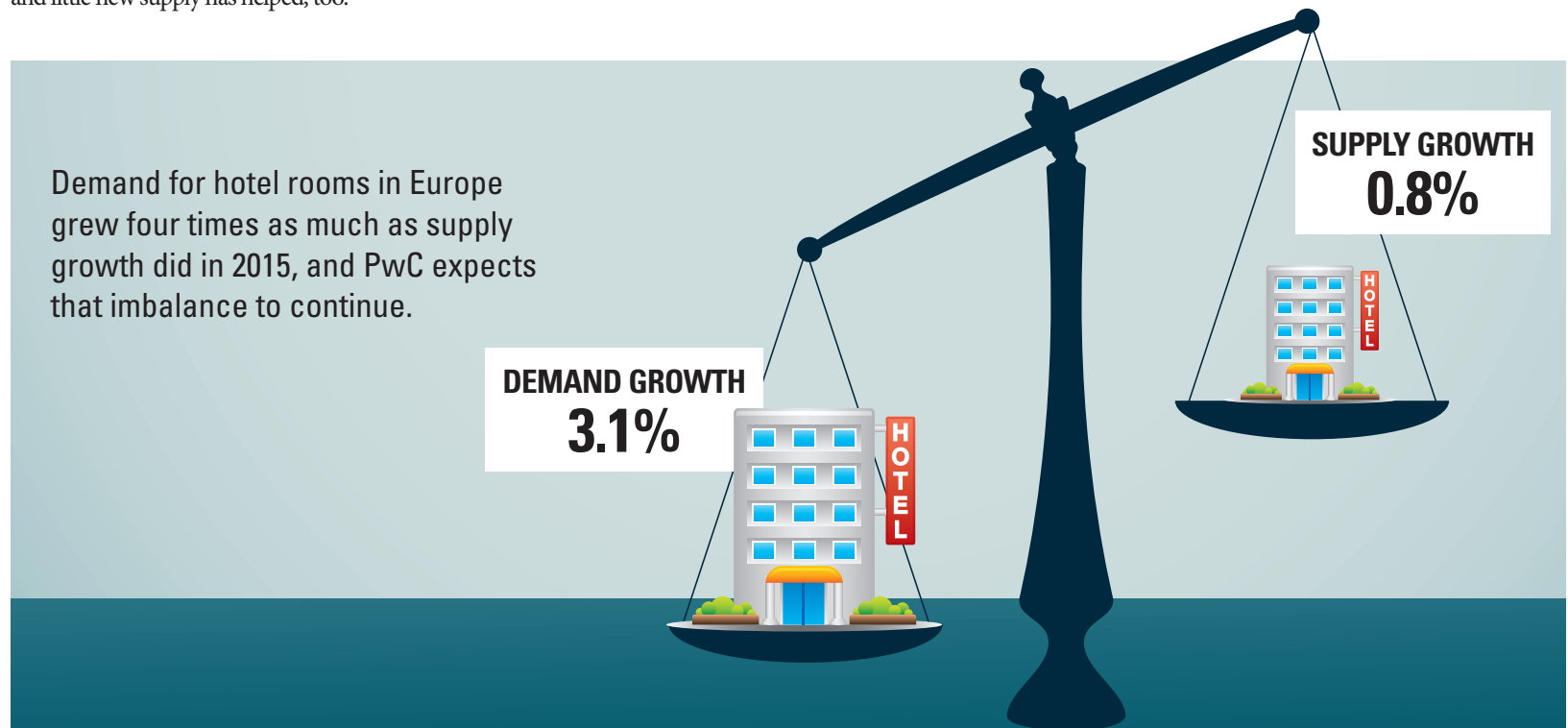
DELTA





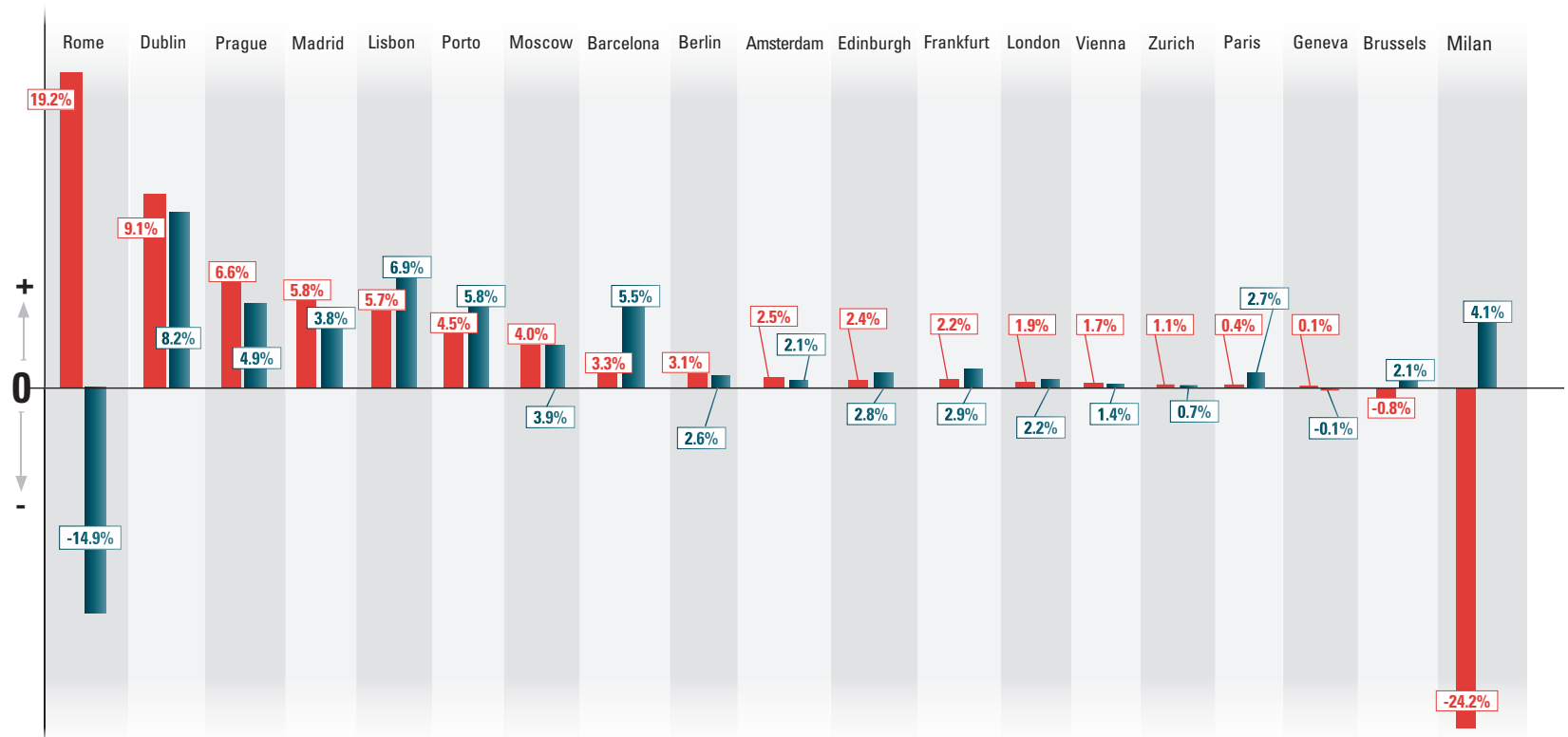
Europe's Tenacious Hotel Market

In 2015, RevPAR grew by double digits across eight of the 19 European cities PwC tracks, and yet the company's Staying Power hotel forecast has RevPAR rising again in both 2016 and 2017 in 17 of those cities. Milan will fall drastically in 2016 because the 2015 Milan Expo fed a tough year-over-year comparison, but RevPAR there will turn positive again in 2017. Similarly, Rome expects a big boost from the Pope's declaration of a holy year for the period from December 2015 to November 2016, and then RevPAR will decrease by double digits in 2017 by comparison. PwC's 2016 forecast for Brussels dipped below zero related to the November 2015 terrorist attacks in Paris; PwC expected Brussels to bounce back in 2017, but both predictions came before terrorists attacked Brussels directly last month. Barcelona and Amsterdam are prioritizing quality over quantity, and to that end, Barcelona even has a moratorium on new development. The check on supply in both cities will boost RevPAR. Dublin's shortage of hotel rooms also will boost its RevPAR, though the market would like to increase its inventory, according to PwC. In general a weak euro has kept travel volume going, and little new supply has helped, too.



EXPECTED REVPAR GROWTH

2016 2017



Source: PwC forecasts; 2016 changes based on STR 2015 data

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CORPORATE EXPENSE PROGRAMS HAVE MATURED —NOW WHAT?

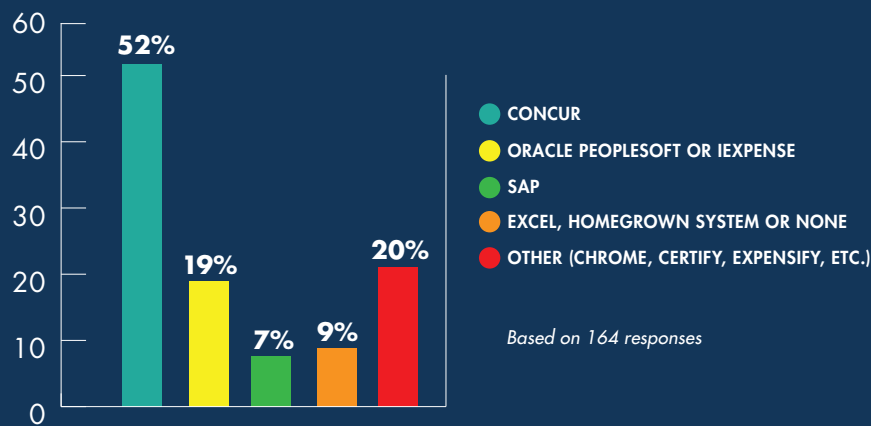
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Individual countries and units may have good visibility into their own expenses, Stern said, but the broader enterprise lacks true transparency with the overall business, “which is why we’re undertaking the big project with hundreds of people dedicated to this objective,” Stern said. “I want holistic financial transparency and a reportable relationship between revenue and expense on a global basis.”

He’s not alone. Despite the increasing maturity and expanded scope of the expense management sector, the pain points that companies are trying to solve remain the same, according to Gartner research director Chris Pang. “Lots of customers I speak to still want to do the basics: visibility, consolidated data and have one policy pushed to everybody,” he said, but they want to implement globally and integrate it all more deeply into corporate systems outside of travel.

BTN’s 2016 Expense Manager Survey showed an uptick in such practices. The number of survey respondents who integrated expense platforms to human resources/organization hierarchy systems rose from 57 percent a year ago to 64 percent. And 73 percent, roughly the same as last year, integrated to general ledgers/financial systems while 54 percent integrated their expense tools to online booking tools, up from 41 percent a year earlier.

WHICH TOOLS THEY USE



Concur remained the dominant expense provider in BTN’s 2016 Expense Manager Survey. Now that it is part of SAP, Concur is expected to have a greater advantage in investment and global support. Some customers, however, fear sluggish innovation as Concur gets comfortable in a multifaceted global enterprise.

DIVERGENT DECISION-MAKING

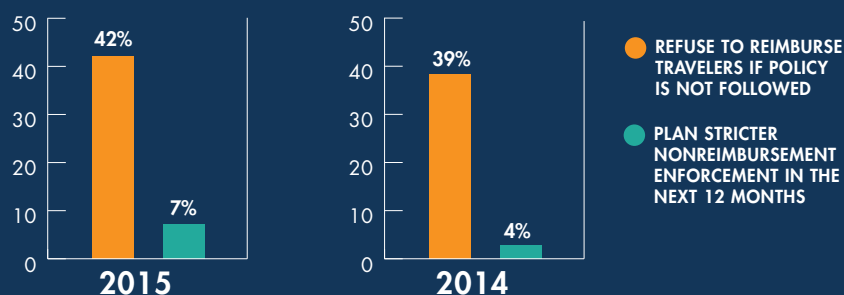
Even after Pearson transitions to single tools, it may not be smooth sailing for travel management. Stern wasn’t part of the expense-tool-selection process. Had he been, Stern would’ve chosen one with more online travel booking integrations. Pearson’s travel management company for its United Kingdom headquarters is BCD Travel. In North America and parts of Asia, it’s Carlson Wagonlit. In Mexico it’s American Express Global Business Travel, and various other agencies serve other locations.

While technology is making it easier to integrate travel and expense tools, Pang said it’s not clear cut whether companies want to buy end-to-end T&E solutions. Putting the Pearson situation in perspective, Pang said there are two types of buyers for expense management systems: the travel manager and the finance person. A CFO’s priority is spend visibility, and he or she reasons that travel visibility can come from the TMC. “Reporting may not be as good as if they were to get it from a T&E integrated tool, but in some cases it’s good enough,” Pang said.

While Stern understands there is “much bigger spend at stake” and that his company’s consolidation to one ERP made sense both from an ERP and HR perspective, the decision process highlighted the divergent interests between the different departments. “You have the technology area that owns the contracts, due diligence, data, security and privacy; finance, which has its own reasoning; and then travel, which is about the user experience and

Refusing to reimburse travelers for expenses that violate policy is tricky. Companies with company-paid cards can require travelers to submit expense reports for all charges before the company will pay. This can put the company at risk for late charges. Unpaid balances on individual-pay cards, though, will wreak havoc on personal credit, and payment suppliers ultimately will knock on the company’s door for payment or take unpaid amounts out of year-end rebate structures.

TIGHTER REIMBURSEMENT POLICIES



2015 results based on 154 responses and 2014 results based on 124 responses

SM

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BTN's 2016 Expense Manager Survey

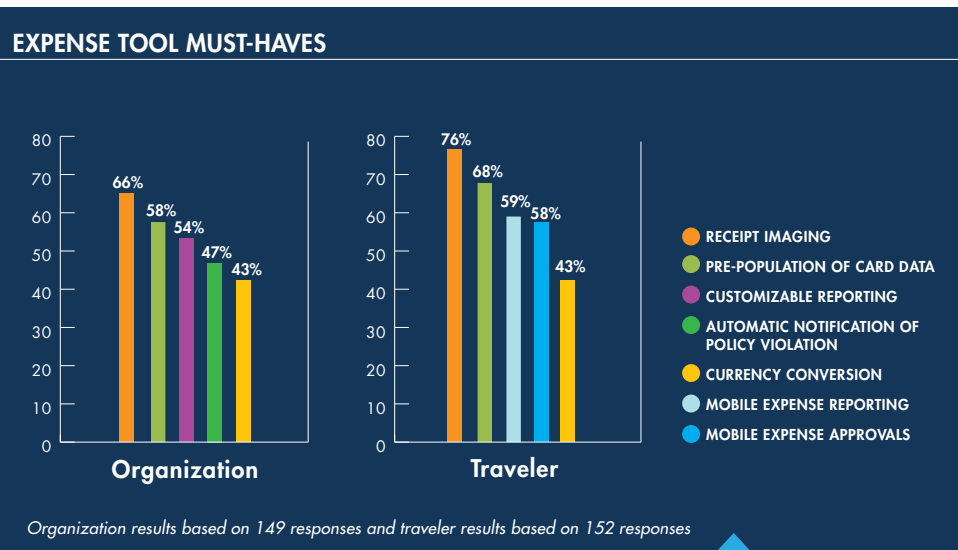
policy setting,” he said. “That’s where we—the industry, the corporations—are at the crossroads because those views may be more conflicting than they are in alignment.”

INTEGRATIONS ARE KEY

Most expense tools integrate with major ERP and HR systems, but the answer to Stern’s conundrum might be holistic financial models like end-to-end T&E provider Concur. As part of SAP’s Business Travel Network, Concur is working toward native integration with SAP’s enterprise-management cloud platform S/4HANA, its vendor-management system Fieldglass and its procurement-management system Ariba.

Concur posted its strongest revenue growth in 2015 and boasted 32 million users for the year. Concur CEO and SAP global managing board member Steve Singh previously said 75 percent of customer adoption came from outside the SAP base. It’s unsurprising that Concur also dominated *BTN’s* survey, as 52 percent of respondents used the expense tool and several more were migrating to it.

Video game publisher Riot Games has used Concur for expense since 2008 and began using Concur TripLink in October, but Sean Parham, the company’s “global travel wizard,” is unsure how long his company will stay with Concur. He said it’s “lagging behind in technology” and is lacking when it comes to customer service. Still,



In 2015, expense management providers stepped up to offer innovative tools from voice capture to GPS detection of expense items. The most important features for both travelers and organizations remain receipt imaging and pre-population of card data.

he can’t deny Concur’s lure. “Everything is well thought out. They’re still top dog because they have the greatest integrations, and until someone comes along and topples that, they’re going to continue.”

FIT TO SCALE

As more consolidation starts to brew in the industry, Gartner’s Pang said the ability to scale solutions is what will keep the last expense providers standing. Providers need to have global sales and support and systems that are localized for each different market, he explained. “The problem is in terms of gathering the raw data for expense but also reporting on that for tax purposes and compliance.”

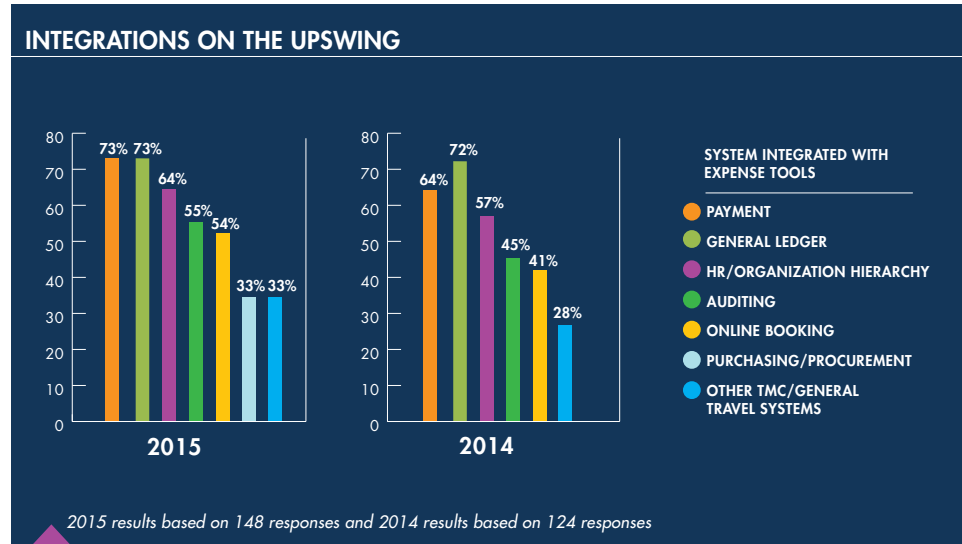
Concur, yet again, gets a major boost on this front as part of SAP. “Even though Concur was the largest [expense company] ever acquired, they weren’t truly global,” Pang said. “But with SAP behind them, that gives them a leg up when it comes to the localization front.”

SAP’s globalization team of 1,500 people around the world focuses on “figuring out the best requirements for each country,” including local regulations and tax compliance, explained Concur general manager of expense and invoice Phong Nguyen. Concur has also doubled Nguyen’s team, which deals with expense, invoice and pay.

“Pre-SAP, it was very difficult for us and we’d spend hundreds of thousands of dollars a year with local law firms and different consultants trying to understand those requirements,” Nguyen said. “[Now] we’re able to tap into that 1,500-person organization to extract a lot of insights and info, and we’re automating some of the technology so we can put that information into our solution to become best in class in those regions.”

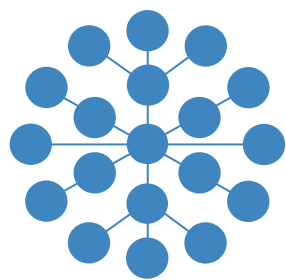
Even expense firms without such massive teams are forging paths overseas. Databasics’ Harley told *BTN* the company is looking to expand into Europe as it continues to do deals overseas. Expensify opened a U.K. office in February, and Chrome River has announced plans to expand into Europe and Asia/Pacific.

And right they should. Although enterprise-size companies are typically the global ones, Concur president Elena Donio said during the annual conference of Concur users in March, “I haven’t talked to a single middle-market client that isn’t either global today or planning to be global in the near future.” ■



Expense integrations increased year over year across all categories. (*BTN* did not include purchasing systems in last year’s survey.) Companies want overall spend visibility, and they want the data to flow smoothly throughout the many systems they use. In 2015, many expense firms increased the number of travel-specific integrations beyond online booking and TMC integrations to include sharing economy vendors, which have a fast-growing user base among corporate travelers but hold data outside other booking channels.

— 3RD ANNUAL —



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Meetings Cards: A Linchpin for Strategic Management?



Many companies look to meetings cards to begin their journey to strategic meetings management. It's a good way to start gathering spend into one place, and it can provide other benefits. As corporate travel managers get more involved in meetings management, they may have to temper their expectations. *BTN* editor-in-chief Elizabeth West sat down with Illumina's senior regional marketing manager Kim Scott, McDonald's project manager Erin Stahowiak and Meetings Analytics founder Kimberly Meyer to talk about meetings payment. The conversation quickly turned to cards, both their limitations and their potential.

Q *Why is meetings payment so fragmented?*

Erin Stahowiak: For McDonald's, and for many companies, it's because meetings have been fragmented. Our cost centers are currently totally decentralized so each department conducting meetings owns that budget and processes that. Starting SMM about three years ago, we wanted to be able to understand meetings spend by vendor. Right now, we know there is still some spend on a T&E card, but for the most part it's invoice ... [that we reconcile] manually.

Kimberly Meyer: Also, when you look at large companies that have grown by acquisition, you've got disparate systems and processes that come with that. Meetings have not been managed like other areas of spend; people have been doing their own thing. The change-management piece is hard, so there needs to be a good value proposition to justify it.

Q *Illumina has made a big push for meetings cards; why?*

Kim Scott: There's not a drive from Illumina corporate right now to move to full SMM. The important thing now is that charges hit the right budgets and we can manage a very high volume of programs and events. We aren't doing a unique card per event now; instead, I have a meeting card assigned to the different cost centers and departments we support. All the sales events go on one card; regional marketing events on another card; internal events on another card and so on. That's a big change from using purchasing cards, when everyone on my team would use my P-Card or a second P-Card in the department. People were using my card and I didn't know what they were using it for, and I had to allocate all that. The meetings cards come straight from our corporate travel department and finance. They put a budget on the card, they scan the statement, they send to me to review and if the charges are accurate, we're done.

Q *So are you allocating anything by category? You're approving \$40,000 to hotel ABC, but are you figuring out how much was accommodations versus food-and-beverage, etc.?*

Scott: We absolutely do that within [our meetings management tool] budget module. We have to abide by the Sunshine Act, so that's where our real reconciliation issues are. Those hotel charges, F&B, ground transportation—that all gets separated and goes into our tool. That's the hard part for us, manually entering all those charges back in and making sure we are correctly accounting for our [transfers of value to healthcare professionals].

Q *That sounds very similar to invoices. Is this why McDonald's has not moved to card?*

Stahowiak: It's a lack of automation and the lack of integration, yes. At McDonald's, we're getting what we need through our manual processes, and we don't see enough compelling value from moving to a card. There may be some efficiency from a payment standpoint ... [but] it all still has to be recoded and reconciled; there is still such a significant volume of rework that we haven't seen the value.

Q *What about integrating card with meetings management technology?*

Meyer: Just because a vendor is integrated at a high level, the work to get an individual corporation's accounts working with that integration is usually some tech and development work and mapping to cost centers, etc. If 30 percent or 40 percent of the time you have to go back and do the manual work anyway, then the integration gets you part way there, but maybe in some ways you have problems that you didn't anticipate. Also, meeting card data isn't as detailed as some other card data that offers Level 3 or Level 4 data. Because of that, you've got to reconcile manually. I do want to go on record as saying that meetings cards can be very helpful in getting transparency into spend. If you already have a good grasp of data, like McDonald's, then it might be a "nice to have" rather than a pivotal point.

Q *Illumina is getting additional benefits from consolidating on card. Tell us about that.*

Scott: Having meetings cards adds a significant level of efficiency just to be able to have multiple people be able to work on a program and have them all be able to pay and capture with the same payment form. Worst-case scenario, you're reconciling one card to one program. Beyond that, we get a rebate from our consolidated spend. Our corporate travel group is trying to use that rebate money to fund head count to build a centralized meetings program.

Q *Would rebate influence McDonald's decision-making around working toward a card solution?*

Stahowiak: A rebate probably always influences your decision, and I would think that's something we'll be looking at. We very much would like the whole thing to happen and see ourselves heading in that direction. We just want it to be stronger when we get there. ■

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Top U.S. & European Meetings Hotels

Business and leisure travel boomtown Nashville hosts the top two hotels among meetings technology firm Cvent's top 100 meetings hotels in the United States. The Omni Nashville rose to the top, and the neighboring Gaylord Opryland Resort & Convention Center took second place. Spain's Hotel Arts Barcelona snagged the No. 1 spot for Europe in the first year Cvent has ranked the continent's meetings hotels. Weighted searches, proposals and other activities performed in the Cvent environment determined the rankings.

Hotel development has brought 3,000 new rooms to Nashville over the past five years, and 1,800 more are in the pipeline. December marked the 60th consecutive month in which the number of hotel rooms sold there grew year over year, according to hotel industry research firm STR, which is based in the Nashville area. In 2014, the market topped STR's annual performance data for U.S. cities, posting a 19 percent increase in revenue per available room and a nearly 13 percent increase in average daily rate. The city itself is in demand, as well. Nashville ranked No. 9 among Cvent's top meetings destinations, having advanced five rungs on the ladder in the past two years.

Las Vegas was the only other major U.S. metropolitan area to post two properties in Cvent's top 10 meetings hotels. In the top 100, Orlando hotels had 14 showings, Las Vegas and Chicago each had 10 and Nashville posted one more.

Across the Atlantic, Barcelona was in Cvent's spotlight. In addition to Hotel Arts Barcelona's top billing among Europe's meetings hotels, local compatriots Hilton Diagonal Mar Barcelona and the W Barcelona took the No. 3 and No. 8 rankings, respectively.

To calculate the rankings, Cvent evaluated hotels that generated business through the Cvent Supplier Network in 2015. Ranking criteria included requests for proposals, RFPs awarded, total room nights, room nights awarded through RFPs, each hotel's market share within its metropolitan area and the hotel's unique profile visits in the Cvent Supplier Network.

Nashville's Hotel Development Boom

3,000

new rooms in five years

1,800

in the pipeline

Cvent's Top 10 U.S. Meetings Hotels

- 1 Omni Nashville
- 2 Gaylord Opryland Resort & Convention Center (Nashville)
- 3 Aria Resort & Casino (Las Vegas)
- 4 The Venetian & Palazzo (Las Vegas)
- 5 Gaylord Texan Resort & Convention Center (Grapevine, Texas)
- 6 Sheraton Denver Downtown
- 7 Hyatt Regency Chicago
- 8 Hyatt Regency Orlando
- 9 Fontainebleau Miami Beach
- 10 Hilton San Diego Bayfront

Nashville and Barcelona rose to the top of Cvent's 2016 rankings of meetings hotels.

Cvent's Top 10 European Meetings Hotels

- 1 Hotel Arts Barcelona
- 2 Hilton Prague
- 3 Hilton Diagonal Mar Barcelona
- 4 Paris Marriott Rive Gauche Hotel & Conference Center
- 5 Hilton London Metropole
- 6 Sheraton Frankfurt Airport Hotel & Conference Center
- 7 InterContinental Vienna
- 8 W Barcelona
- 9 DoubleTree by Hilton Amsterdam
- 10 Park Plaza Westminster Bridge London

BCD M&E Launches Niche Tech Tools

BCD Meetings & Events has launched three self-built tools under the umbrella name Smart Meeting, aimed at plugging what it claimed are gaps in established meetings technology offerings. All three are available to BCD M&E clients only.

Smart Invitation creates a consolidated list of event invitees from multiple databases, described by BCD M&E senior vice president technology Ted Stone as "often a cumbersome manual process." Then the meetings manager can upload those contacts onto platforms like Cvent.

Smart Expense captures meetings expenses, especially those incurred out of pocket instead of through a dedicated payment method. Stone said it's aimed at life sciences events, for which spend per healthcare professional needs to be tracked meticulously. Smart Expense includes the ability to upload relevant receipts. "The difference

to a tool like Concur is it pre-populates expenses from the existing attendee list, so you are not starting the reports from scratch," said Stone, "and you can't open up your normal expense reporting tool to attendees."

And Stone described Smart Registration, also for life sciences, as a lightweight attendee-management platform for smaller businesses.

"We are not looking to displace or compete with existing meetings technologies," said Stone. "We are aiming to ease existing pain points for our clients with some niche functionality that tools like Cvent or [Lanyon] don't provide today."

—Amon Cohen



Move Well



Eat Well



Work Well

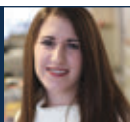
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After Pilot, Hilton Cans Cancellation Fee

Hilton Worldwide has decided against enacting a \$50 cancellation fee at its hotels, for now.

Hilton launched a pilot in November at a handful of its hotels, charging guests a \$50 penalty if a reservation was canceled anytime after booking. CEO Christopher Nassetta said the company implemented the program in “a really blunt-force way” to gauge customer reactions. “Customers hated it, but that’s not really surprising,” he said during the company’s fourth-quarter earnings call. “We knew they would, but we did get some nuanced intelligence out of the experience.”

Cancellation penalties have become the new frontier for hoteliers looking to recoup costs from last minute-cancellations and to change how the industry does business. “For almost every other product out there, when you’ve purchased it, you’ve committed to buy it,” said Patrick Bosworth, co-founder and CEO of revenue management company Duetto, “whereas hotels have historically had an incredibly flexible cancellation policy. In many cases, even if you just no-show without telling the hotel, they wouldn’t charge you.”

Nassetta said hotel players are willing to tie up inventory for potential customers at no cost, “which sounds illogical and is illogical.” In 2014, both Hilton and Marriott International enacted a stricter, 24-hour policy, charging one night’s room cost for guests who fail to cancel before 11:59 p.m. the day before arrival, and the industry followed suit. But hoteliers are considering even tougher terms.

“The consumer should be given some freedom to be able to cancel, but at the same time, we need to protect the downside for our hotels,” Best Western Hotels & Resorts CEO David Kong told *BTN*. The company is reexamining its own cancellation policies, but he said it doesn’t want to be as aggressive as others. “It needs to be a win-win arrangement.”

Nassetta said Hilton’s pilot gave the company a

better idea of what opportunities are out there to change its business, including pricing refundable and nonrefundable products differently, similar to the airline industry. “What we want to do is make sure that, on behalf of ourselves and our owners, we’re not tying up inventory unnecessarily without customers having to take any risk or any cost. We have to migrate behavior from where it is to where we want it to be, and there are some really intelligent things that you’ll see us start to do later this year.”

Booking and rebooking engines like tripBAM and Yapta, which allow customers to take advantage of hotels’ frequent rate changes, are among the factors driving hoteliers to strengthen terms. “By changing cancellation

“Customers hated it, but that’s not really surprising. We knew they would, but we did get some nuanced intelligence out of the experience.”

—HILTON WORLDWIDE CEO CHRISTOPHER NASSETTA

Cancellation Penalties

PILOT ENDED

What: \$50

Why: For any cancellation

STILL IN PLACE

What: One night’s room cost

Why: If you don’t cancel by 11:59 p.m. the night before

policies, it allows you to limit the ability of sites like tripBAM to do what they do,” Bosworth said.

Not immune to hoteliers’ shifting mentality, corporate travel managers had to fight much harder in the 2016 negotiation season than in previous years to get same-day cancellation guaranteed in their contracts, according to consultants. “But based on the experiment by Hilton and just based on what we saw as part of the negotiations, we feel that this upcoming [requests for proposals] season might be the time that other chains might start experimenting with different cancellation policies,” said Marwan Batrouni, global hotel practice area leader at BCD’s Advito consultancy.

TripBAM founder and CEO Steve Reynolds said doing away with the flexible rates typically afforded to corporates, though, would “alienate higher-margin business travelers.” Better solutions, he said, would be for hotels to modify their policies on when they drop rates or to provide loyal corporate customers solid rate assurances. “Punishing a loyal corporate guest that booked a higher rate in advance doesn’t seem right.” ■

AccorHotels Buys into Home Rental Firms

AccorHotels continued on its path to transform its business, announcing that it has bought into two home-rental platforms, Oasis Collections and Squarebreak. Miami-headquartered Oasis Collections sells itself as a “home meets hotel” accommodations provider, offering approximately 1,500 design-forward properties in 18 cities in Latin America, Europe and the United States. Accor acquired a 30 percent stake in the company. CEO Sebastien Bazin said Oasis Collections does a significant portion of business-to-business service and the average length of stay for an Oasis guest is 22 days, meaning Accor can “offer something we haven’t had available up to now.” The Paris-based Squarebreak platform, in which Accor acquired a 49 percent stake, features approximately 220 private upscale homes mostly in France, Spain and Morocco.

“I have no intention of confronting Airbnb,” Bazin said during the company’s fourth-quarter earnings presentation. “We are intent on the fact that the market is evolving in such a way that growth will come through these secondary residences.” Bazin further postulated that a number of operators would get into these “small niches.” That certainly holds true for Choice Hotels International, which launched a vacation rentals platform in February and kept the door open to the possibility of transitioning to consumer-to-consumer rentals. “We may have missed the first wave, the second or even

the third wave,” Bazin said, “but we’re not going to miss the fourth wave. Enough is enough.”

The investments come just months after Accor announced the acquisition of FRHI Hotels & Resorts, the parent company to the Fairmont, Raffles and Swissôtel brands, a move Bazin said would give Accor tremendous strength in North America and the luxury segment. In January, Accor finalized its strategic alliance with Huazhu Hotels Group to develop Accor’s midprice and economy brands in China and to tie together their loyalty programs. “We need to be in the Chinese market, and we couldn’t go it alone,” Bazin said of the deal.

Accor, too, transformed its digital platform in 2015; it acquired Paris-based marketing platform FastBooking in April, then leveraged that relationship to open AccorHotels.com as a marketplace for select independent hoteliers.

“This is just a starting point,” Bazin told investors and analysts. “We know where we’re heading, even in a complex environment.” ■

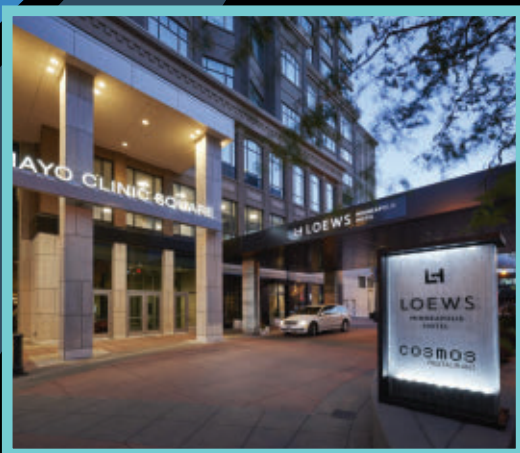
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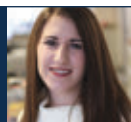
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CONTINUED FROM FRONT PAGE

Who Will Buy Starwood?

scheduled to vote on the revised merger in separate meetings on April 8. But the Anbang consortium, which also includes J.C. Flowers & Co. and Primavera Capital, came back on March 28 with an improved offer of \$82.75 in cash per share. Starwood's board said it is "reasonably likely" to be considered a "superior proposal" to Marriott's bid.

Which Bidder Can Cross the Finish Line?

Before the news broke of an improved Anbang bid, Chinese financial publication Caixin Online posited that the China Insurance Regulatory Commission could stifle an Anbang counteroffer, as the regulator bans insurers from investing more than 15 percent of their assets abroad. The speculation was that such a policy could be an issue for Anbang, as it also agreed in March to pay The Blackstone Group \$6.5 billion for Strategic Hotels & Resorts and bought the Waldorf Astoria New York for \$2 billion in 2014.

Bjorn Hanson, a clinical professor at New York University's Tisch Center for Hospitality and Tourism, said contingencies that have yet to be made public could affect the terms of any Anbang agreement, such as clauses stating the deal is "subject to regulatory approval" or "subject to obtaining financing."

Explaining Marriott's \$13.6 billion bid, CEO Arne Sorenson said at the time that his company's original \$12.2 billion agreement was "almost too good, which is potentially what drew another bidder in here at the last possible moment." He said at the time that Marriott remains convinced of the power of the two companies' merged platform, noting, "It's not as good a deal as the deal we were about ready to vote on and close at the end of March before the new offer came in, but it's still a deal that we're very excited about pursuing."

Whether Sorenson's professed enthusiasm means another counteroffer remains unclear. "If [Anbang's March 28th bid] were just an all cash offer, then it would be hard for Marriott to make a counteroffer," Hanson said, but there may be more to it. "Not knowing what the contingencies are, we have to assume the contingencies may include some other non-economic issues, but we don't know."

Marriott does have an edge when it comes to regulatory approval, as the Starwood-Marriott deal already has the green light from the United States and Canada and evaluation is underway in the European Union and China. But whether Marriott would be able to counter Anbang's latest offer is up in the air. Hanson said it would be difficult for Marriott, as a public company, to put in a bid that beats Anbang's price, as an increased offer would decrease its earnings per share too much in the short term.

Should Starwood accept Anbang's offer, Starwood will owe Marriott \$450 million as a breakup fee.

Still, Hanson said he would be surprised if Marriott just walked away. Marriott reaffirmed its commitment to the Starwood acquisition in a media release following Anbang's second offer, stating "the

THE STARWOOD SAGA

- **Feb. 17, 2015**
Starwood CEO Frits van Paasschen resigns, and Adam Aron becomes interim CEO.
- **April 29, 2015**
Starwood chairman Bruce Duncan announces the company is exploring strategic and financial alternatives. "Nothing is off the table."
- **April 30, 2015**
Marriott CEO Arne Sorenson quashes speculation of a Marriott bid for Starwood. Hilton pledges to remain "open minded."
- **July 30, 2015**
The *Financial Times* reports Starwood and InterContinental Hotels Group are discussing a merger. Other analysts suggest Hilton Worldwide is a more likely buyer.
- **Oct. 27, 2015**
The *Wall Street Journal* reports that Jin Jiang International Hotels, HNA Group and China Investment Corp are in competition to buy Starwood.
- **Oct. 28, 2015**
CNBC reports that Hyatt Hotels Corp. is in talks to acquire Starwood.
- **Nov. 6, 2015**
InterContinental Hotels Group denies plans to merge with Starwood.
- **Nov. 16, 2015**
After a behind-the-scenes bidding war between Hyatt and Marriott, Starwood agrees to sell to Marriott for \$12.2 billion—\$70.08 in stock and \$2 in cash per share.
- **Dec. 15, 2015**
Starwood promotes Thomas Mangas from CFO to CEO.
- **January 6, 2016**
Starwood wraps 2015 with 220 franchise and management agreement signings, a 26 percent increase over 2014 and the most in any year.
- **March 1, 2016**
Marriott's acquisition of Starwood clears its first hurdle, facing no challenge from the U.S. Department of Justice and Federal Trade Commission.
- **March 10, 2016**
Starwood receives an unsolicited bid for \$12.8 billion in cash, or \$76 per share, from a consortium led by Anbang Insurance Group Co.
- **March 18, 2016**
Starwood discloses it will accept a cash offer of \$78 per share, totaling \$13.2 billion, from the Anbang group.
- **March 21, 2016**
Starwood and Marriott sign a revised \$13.6 billion merger agreement for \$21 cash per share and 0.8 shares of Marriott common stock for each share of Starwood common stock.
- **March 28, 2016**
The Anbang consortium makes a non-binding offer of \$82.75 in cash per share.

previously announced amended merger agreement is the best course for both companies."

"It's possible that Marriott would submit a slightly more favorable offer, maybe more cash, less stock," Hanson said, "maybe some other commitments to the board and management that make it a relatively more attractive offer based on economics."

If Anbang Buys Starwood

There are two schools of thought around how Starwood might change if it did accept an offer from a Chinese bidder, Hanson said. The first is that the company would be left alone to do what it can in existing markets but also would receive special opportunities to expand in China. The other is that Starwood would be expected to act like a Chinese company and be subject to government influence.

"My guess is it would be more likely to do the former than the latter," Hanson said. "An international company would be buying Starwood because of the strong brand and culture and its ways of doing business around the world, so there's no threat in the culture. But certainly there is uncertainty."

If Marriott Buys Starwood

A combination of Marriott and Starwood would create the world's largest lodging company, with about 5,700 hotels and 1.1 million rooms across 30 brands. In Europe, in particular, Marriott's size would double. Marriott also would absorb Starwood's 21 million Starwood Preferred Guest loyalty members and create a combined loyalty platform, which Sorenson said would take "the best of both" and open up more partnership opportunities.

Additionally, Marriott would benefit from the strides Starwood has made to grow since Starwood CEO Frits van Paasschen left in February 2015. Last year, Starwood signed 220 new properties, a 26 percent increase over 2014 and the most franchise and management agreements signed in any year in the company's history. It also unveiled two new brands, Tribute Portfolio and the Design Hotels collection and got the jump on Marriott and its competitors in Cuba by becoming the first U.S. hotelier to sign an agreement in the country since 1959.

Hanson said that at \$13.6 billion price tag, \$14.4 billion when adding in the value of Starwood's timeshare spin-off, Starwood is still a favorable buy for Marriott. "The amount of information, if nothing else, that Marriott will have is extensive," he said. "Marriott and Starwood brands control so much of the hotels that receive the first bookings in their markets. They would have early information about markets performing better than forecast on a specific night or worse and know how to price accordingly." If the company receives inquiries about a large convention group in a market, for instance, Marriott will be the first to know what kind of demand will follow.

The company also would have a competitive edge in understanding traveler behavior based on its vast number of bookings, as well as its combined loyalty program. "Certainly people pay billions of dollars for the technology that enables that [kind of information]," Hanson said. ■

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GroundLink CEO on Competitive Pricing

In the year since Liz Carisone became CEO of black car service GroundLink, she's introduced new pricing structures and enhanced reporting and trip control. She also said the company is using its distribution reach to position itself against ridesharing providers.

THE BOTTOM LINE IS A BIG DRIVER FOR TRAVEL BUYERS. TELL US ABOUT GROUNDLINK'S PRICING STRUCTURES.

Corporate customers are telling us what they don't like about certain carriers is pricing transparency. We have worked hard on a model that builds in complete pricing transparency. We are also very clear on any surge practices that we have. We trialed a new pricing plan in the New York marketplace in February and got very good results. We're going to be analyzing those results. If they're good for the consumer, that's one of our key stakeholders, but our drivers are also key stakeholders, so we have to make sure that higher utilization offsets lower apportionment of earnings. If that's the case, we'll definitely look to re-implement it.

We're not UberX, but we have the same platforms and technology capabilities, especially in the New York marketplace with Ride Now capabilities. We have benchmarked and tracked ourselves and in our top 20 markets are extremely competitive to an Uber-Black product, at a price point that is lower than, say, a BostonCoach. If a customer is looking for BostonCoach, they can get everything that they need from a technology platform without the price tag. We're finding that, especially in New York, we've been able to make some inroads into some key accounts, and our pricing methodology and platform are working very well.

ARE THERE ANY OTHER WAYS YOU CAN REDUCE COSTS FOR TRAVEL BUYERS?

We are trying to figure out a way that when you know you're going to be delayed, if you can message us, we can then push your ride ahead 30 to 45 minutes. Our average lead time in New York is about 20 minutes and anywhere outside of the New York marketplace is anywhere up to about 60 minutes. So if you wanted to push your ride by 60 minutes, push a button; that gives us an "edit your ride" feature and we manage that.

DO YOU MONITOR PASSENGERS' FLIGHTS, AS WELL?

We actually use flight tracking, so we will know your flight is either early or late and adjust your pickup time accordingly. We have a standard wait-time policy. On domestic flights, your first 30 minutes is free. That usually gives passengers enough time to get their bags and get out to the car without incurring wait times. On international flights, it's an hour. A lot of times, our corporate customers need to be able to take a shower or make phone calls before they leave the airport, so they'll do a set-aside time for 45 minutes. Let's say you're in a foreign country and you know it's going to take you longer, so you can always add time to give you that breather space, and you won't incur any wait time. We just need to be able to do better so when you're coming out of a restaurant or leaving a business



GroundLink CEO Liz Carisone talks

- New pricing structure
- Competition with ridesharing
- Improving time management in ground transportation
- Better data for buyers

meeting, you don't have to worry about incurring it on point-to-point pickups.

WHAT ABOUT MAKING TRAVEL MANAGERS' LIVES EASIER? YOU EXPECT TO GO LIVE WITH CONCUR'S E-RECEIPTS PLATFORM THIS YEAR. WHAT ELSE?

We have a corporate dashboard, which is a great selling feature, and we have specific admin privileges that we've placed into the system to prevent any unauthorized use or viewing of other customers within your account's data. If you are the admin for the CEO, no one will be able to see where the CEO is or what the CEO's accounts look like. These are the kind of privileges and gating we've put into the system to allow travel managers to be able to see all of their information but only travel arrangers to see specific information. With the corporate dashboard being able to track your rides, pull your invoices and things like that, we've also added management information features. On request, we can build you a full report based on customer parameters, point-to-point parameters, etc. We'll show you where you're spending your money. It will detail out whether you have a lot of stops, whether there have been a lot of events or out-of-town travelers, whether there are individuals who are not following policy.

HOW IS RIDESHARING AFFECTING GROUNDLINK?

Thirty percent of our business is outside [New York], so we use a large affiliate network that's all connected for ride-tracking capability as well as messaging, so you know who your driver is. Because of that, we have grown dramatically outside of the New York marketplace year over year, and we're up again [so far] this year. GroundLink actually had the first mobile app, probably, in New York. We launched on the BlackBerry

"We have benchmarked and tracked ourselves and in our top 20 markets are extremely competitive to an UberBlack product, at a price point that is lower than, say, a BostonCoach."

in 2009 and on the iPhone in 2011. We were definitely early adopters to the ride-now concept. We just didn't do a good job of getting the investor backing to be a household name right now.

WHAT ABOUT DEEM'S PLANS FOR AN ON-DEMAND MOBILE PLATFORM?

The real challenge for our industry is that there are several different platforms. The good thing about Uber is they've been able to attract a lot of supply, which drives demand, and they can balance out the demand/supply quotient because of their investor backing. For companies like us that don't have that luxury, in order to pull together and support one another either when we're overbooked or underbooked, we need to communicate across different platforms. We are building APIs to be able to do that so we can connect to others and we can really help each other to deliver quality service in an on-demand world. What Deem is trying to do is be a front end and a back end, and that's probably much more difficult: to get established companies to move off of their own platforms into a common platform. ■

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Concur Answers Industry's Complaints

"Sometimes it's a little challenging to look in the mirror when you're telling us how we're doing," Concur president Elena Donio said about criticism of the company, from "terrible" product to confusing interface. Donio, who has worked for the travel and expense technology company for 18 years, said at the Concur Fusion conference, "Sometimes it wasn't super easy to hear that feedback."

Still, an organization that served 32 million users in 2015 according to CEO Steve Singh is too big to be failing. Here's what Concur has done to improve customer service in the past year, according to Donio and other executives at the recent Concur Fusion conference, where they also shared coming enhancements related to its Perfect Trip aspiration.

In 2015, the company grew its employee base 30 percent, a third of that in services and support, enabling the company to answer customer questions three times faster than in 2014, Donio said. "Our support team has grown significantly over the last year, which has allowed our employees to specialize ... so you have more educated service, more in-depth service faster and with a more positive consistent experience," she said. Concur also launched an expense landing page for its website that reduced the time users spent on reports by 5 million hours, according to Donio. "That's time people get to dedicate to the real work you're in the business to do."

COMING UP

"When we were acquired, a lot of folks said, 'Innovation will stop, the focus on us as a customer and helping our industry move forward will stop,'" Singh said of SAP's acquisition of Concur. "That hasn't happened and won't happen." Most ambitious of Concur's initiatives is its plan to create a platform for the Perfect Trip from planning and booking to expense reports that write themselves. Toward that end, Concur has updated its TripIt Pro app. After reminding travelers to check into their flights, it launches them into airline suppliers' sites

HOW CONCUR SAYS IT IMPROVED IN 2015

- Grew its employee base 30%
- One-third of that in services & support
- Answered customer questions three times faster
- Reduced total time users spent on expense reports by 5 million hours

or apps, where they can check in, change seats and call up boarding passes. The tool integrates with 25 airlines. Concur also is investing in services that automatically incorporate regulatory updates—including mileage, travel allowances and value-added tax rates—into the expense system and into its calculations. But there's a distance to go to reach the Perfect Trip. "You have to invest like crazy," chief product officer Barry Padgett said. Here are the enhancements on Concur's horizon.

Role-based dashboards: This feature will change in appearance and function based on the user, for example, travel manager versus department manager. For travel managers, it will email at crucial points, say, before the end of a quarter, to share budget details and upcoming trips based on bookings and expensed data, explained vice president of product management Sarah Kuberry. This kind of information will allow managers to prioritize or postpone trips if needed. Padgett added: "We're taking folks out of the reporting tool, putting them back where they live, which is email, and making it role based. Whatever you need to know, we're going to make it actionable instead of looking at last year's data."

Expense Assistant: When switched on in the Concur platform, Expense Assistant, now in beta testing, creates expense reports and automatically links booking, corporate card and scanned receipts to expense items. The tool also itemizes hotel folios and similar expenses that entered the system through Concur's ExpenseIt optical character recognition technology, and the interface displays the receipt and itemized line items side by side. Users then submit the report or edit it as needed. A future iteration will email users regular summaries of receipts, marking those added to reports versus those scanned in on mobile and in need of review.

Air-booking interface: Concur will simplify the air booking experience in its search interface. Users have complained that the icons and color-coded buttons indicating preferred and restricted suppliers were confusing, so Concur will replace them with simple text. And as carriers have introduced branded fares, Concur plans to make them easy to view. "Suppliers are getting really creative on how they package their products ... and this caters to that," Padgett said. Concur plans similar face-lifts for hotel, car and rail booking interfaces. ■

Amex Cuts CEO's Pay

American Express' 2015 financial performance resulted in a 26 percent year-over-year pay decrease for CEO Ken Chenault, according to a March 21 filing with the U.S. Securities and Exchange Commission. Amex's compensation and benefits committee decreased Chenault's "total direct compensation" owing to Amex's inability to reach goals set in 2015 for earnings per share, billed business growth and return on equity.

"We have a robust process to evaluate the company and CEO performance," an Amex spokesperson said. "CEO pay was tied to company performance, which came below target." Chenault's target compensation was \$22 million, which he missed by 16 percent. His base salary of \$2 million, unchanged since 2010, represented 11 percent of his entire compensation. The remaining 89 percent is based on performance.

While the company met employee and customer performance goals, shareholder goals fell short, the SEC filing

showed. Amex's 2015 adjusted earnings-per-share price of \$5.05 didn't make the minimum target price of \$5.18. Return on equity missed the minimum 25 percent goal by one percentage point. And the reported 6 percent of foreign exchange-adjusted billed business growth missed the minimum 8 percent goal by 2 percentage points.

During an earnings call in January, Chenault said he was more disappointed with the corporate card business in 2015 than with any other segment of Amex's business. And during an annual investors presentation on March 10, he said: "We recognize that our 2015 performance was disappointing. I can assure you, we're not standing still."

According to GoldSpring Consulting partner Colleen Black: "We're in the middle of a soft market that remains highly competitive. Amex is going to do whatever it needs to do to stay competitive ... even if that means cutting salaries. I applaud Amex on some of the decisions they've made of late. They do appear to want to do their best for their clients."

—JoAnn DeLuna

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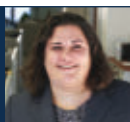
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KEEP CLIMBING

 DELTA





European Hotels Turned In 2015's Top Performance Outside North America

BY JULIE SICKEL

Strong performances in Southern European markets like Spain, Italy and Malta shouldered some of Europe's burden following November's terror attacks, which affected demand in Paris, Brussels and London. Paris had already reported dips in occupancy and ADR in October, before the attacks there, according to STR. For the full year, occupancy there decreased 4.8 percent to 76.5 percent, but ADR increased 3.3 percent to €255.80. In December, occupancy plummeted 20 percent year over year to 58.9 percent, the market's lowest occupancy of any December since 2001. In Brussels, which faced a security lockdown following the Paris attacks, occupancy fell 19.3 percent year over year in November and 26.5 percent in December.

For the year, Milan reported a 9.4 percent increase in occupancy and a 19.3 percent spike in ADR to €155.58. STR attributed the success to Expo Milano, which ran from May through October. In November, though, occupancy continued to rise, up 5.1 percent year over year to 69.3 percent, and ADR grew a striking 32.1 percent to €151.55. Spain ADR spiked during October, up 13.8 percent year over year to €104.26, and its 77.1 percent occupancy rate was the country's highest for any October since 2000.

"Our results were really a tale of two regions, with strong performance in the southern markets, offset by weakness in the north," Starwood Hotels & Resorts CFO Alan Schnaid said of fourth-quarter performance during an earnings call. For the full year, Starwood's Europe ADR dropped 13.2 percent to \$195.99, and occupancy increased 1.8 percentage points to 70.2 percent. The hotel company reported flat year-over-year revenue per available room in Germany.

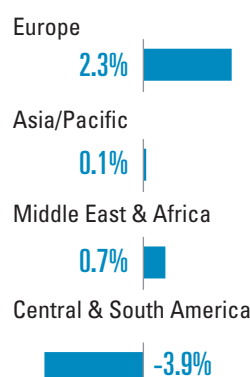
For Marriott International, full-year ADR in all of Europe increased 4 percent year over year to \$167.63, and occupancy rose 1.5 percentage points to 74.3 percent. CEO Arne Sorenson pointed out positive performance in Italy and Spain but weaker results in Germany, whose "economic growth has cooled with fewer exports to China." For the full year, occupancy in Germany increased 2.2 percent to 69.9 percent, and ADR rose 4.3 percent to €99.46, according to STR. The country's 2.8 percent demand growth outpaced its 0.6 percent supply growth. In 11 of the 12 months, occupancy increased year over year. Hilton Worldwide and InterContinental Hotels Group both reported positive results from Germany in the fourth quarter, which IHG CFO Paul Edgecliffe-Johnson attributed to "a favorable trade fair calendar, which will continue to be strong into 2016."

Marriott and Hilton both reported softer performances in London during the fourth quarter, which they attributed to the Paris terror attacks and to weaker business transient performance. In the broader United Kingdom, AccorHotels' occupancy decreased 0.3 percent year over year to 80.8 percent, but ADR increased 4.5 percent to €106.

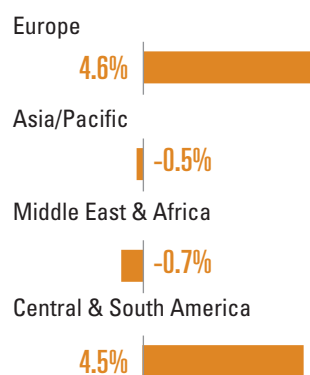
Asia/Pacific

In China, 4.1 percent full-year supply growth outpaced 3.9 percent demand growth, hurting the country's performance, which mirrored that of the region overall, according to STR. China occupancy dipped 0.1 percent to 65.1 percent, and ADR decreased 3.4 percent in local currency terms. "China's economic growth moderated in 2015, yet mainland China RevPAR still rose roughly 4 percent in the fourth quarter," Sorenson said of Marriott's year-over-year performance there. "Chinese consumers continue to spend. In fact, international travel from mainland China to our hotels in other markets increased 31 percent."

2015 Occupancy Change



2015 ADR Change



Source: STR

IHG, too, reported positive performance in Greater China. "In mainland, Tier 1 cities where the hotel market is farther along the maturity curve, we drove RevPAR up 6 percent," Edgecliffe-Johnson said. Starwood and Hilton both reported negative performance in Greater China during the fourth quarter. Starwood's RevPAR decreased 2.9 percent and Hilton's declined 3 percent, though Hilton's RevPAR increased 7 percent for the full year.

Strong group volume in Japan during the fourth quarter helped boost Hilton's RevPAR there 15 percent year over year. Starwood and IHG also recorded positive RevPAR gains in Japan during the fourth quarter, benefiting from inbound travel from China.

Middle East & Africa

Low oil prices, security concerns, geopolitical instability and oversupply in Dubai drove softer performance in the Middle East and Africa. Middle East occupancy declined 2 percent to 67.4 percent, and ADR fell 2.6 percent to \$192.82, according to STR. United Arab Emirates occupancy dipped 0.6 percent to 74.8 percent and ADR dropped 6.2 percent in local currency terms. Saudi Arabia occupancy decreased 2.6 percent to 62.4 percent, but ADR increased 3.6 percent in local currency terms.

Africa fared better, as occupancy rose 0.2 percent to 57.3 percent and ADR went up 7.1 percent to \$111.34. Egypt occupancy rose 4.2 percent to 53.7 percent and ADR soared 18.9 percent in local currency terms, in spite of October's Russian airliner crash in Egypt. Starwood's Africa RevPAR increased 8 percent year over year during the fourth quarter.

Central & South America

Weak economics in Brazil and Argentina tempered the region's performance. South America occupancy declined 4.8 percent to 58.1 percent, but ADR increased 5.3 percent to \$118.64, according to STR. Brazil occupancy decreased 7.7 percent to 56.6 percent, and ADR dropped 5.8 percent in local currency terms. Argentina occupancy dipped 0.5 percent to 58.1 percent, but ADR rose 13.4 percent.

In Central America, occupancy increased 8.9 percent year over year to 58.2 percent, and ADR decreased 0.5 percent to \$112.44. Panama City occupancy declined 0.6 percent to 50.5 percent, and ADR decreased 4.3 percent. ■

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Three Tech Upgrades for Travel Managers

Traxo aims to pull data from suppliers, starting with Lufthansa, and consolidate it for travel managers. HRS is automating hotel invoice processing. And Pi is using machine learning to get after true total trip costs.

Traxo's Spending & Travel Pattern Analysis

Travel data aggregator Traxo has launched a platform that collects information on bookings from supplier sites and shares it with travel managers, and Lufthansa has signed on as the first supplier to deploy it.

The platform, known as Traxo Connect, is similar to Traxo's legacy platform, which pulls data from more than 200 supplier sites, scans confirmation emails and integrates with application program interfaces and then consolidates booking and loyalty program information for travelers, Traxo founder and CEO Andres Fabris said. The platform for travel buyers, though, will push data from supplier sites to corporations, allowing them to monitor employee spending and travel patterns. Companies also can grant access to travel management companies or other third parties that could use the data, such as value-added tax processors.

Traxo proposes to link bookings to particular corporations via corporate booking codes, which also would enable access to corporate rates; by recognizing corporate email domains in bookers' email addresses; or by having suppliers add to their booking process a prompt to categorize the trip as business or personal. "We believe the corporate entity owns that information, and our job is to get that to them as efficiently as possible," Fabris said. "There haven't been a lot of choices on the market to solve it efficiently."

One clear competitor is Concur's TripLink, which Fabris said provides the same basic function. Traxo aims to differentiate itself in flexibility—TripLink is exclusive to Concur clients—and speed of implementation, he said. "In our case, we can be up and running in 18 days," Fabris said.

Lufthansa was a natural first partner for Traxo Connect, given the carrier's push for direct bookings, spurred by the distribution fee it introduced last year. Traxo is talking with other air, hospitality and ground suppliers, including both traditional ones and new entrants, Fabris said. He expects Traxo to announce additional suppliers in the second quarter.

—Michael B. Baker

HRS's Hotel Invoice Processing

Hotel service provider HRS has launched Paperless Travel, a service that consolidates invoices for all a corporate client's hotel stays. Hotels send HRS the invoices by fax, e-mail or other methods, and HRS digitizes them and matches the billed data with booking data in the system. If the room rates don't match, HRS goes back to the hotel to resolve the issue.

The invoice database also can upload data to expense reports and clients' accounting systems and form the basis for value-added-tax recovery claims, said Mathias Warns, Europe, Middle East and Africa vice president for corporate sales for HRS. "We are already operating Paperless Travel in Italy with some medium-sized clients, and now we are in a pilot with some big clients. After that, there will be a strong ramp-up."

HRS receives 80 percent of invoices the first time it asks hotels for them, according to Warns. Once HRS has chased hotels, it rises to 98 percent. It's also steering clients toward virtual cards to improve compliance, he said, adding that virtual cards will improve the automated matching of booked and billed data.

HRS launched a relationship with American Express Global Business Travel at the end of last year, and deals with another two of the top four global TMCs are in their final stages. In one case, said Warns, "we will exclusively provide all hotel content outside the global distribution systems." BCD Travel has alluded to a closer relationship with HRS. "Our strategic goal is for TMCs to outsource their hotel activities to HRS," said Warns. As part of that strategy, it is recruiting aggressively to expand its

consulting team from 70 to between 110 and 120 by the end of 2016.

—Amon Cohen

Pi's Trip-Cost Analysis

Business intelligence company Pi has launched a "travel cost-analysis platform" to consolidate transactions from numerous data sources and sort them by trip. CEO Keesup Choe told *BTN* the tool, named Self-Learning Automatic Trip Engine, uses machine learning similar to Google Photos' use of facial recognition for tagging photos.

SLATE interrogates data feeds from TMCs, card providers and expense reports and attempts to figure out which costs belong in the same trip. Pi claimed the tool helps clients understand their true total trip costs, leading to improved supplier negotiations and a better appreciation of their returns on investment in travel.

The machine learning element fills in incomplete data by, for example, connecting an ancillary airline charge to a particular trip by recognizing that the flight matches a TMC booking. SLATE also prevents duplicate information. One example: A traveler may have booked multiple flights in order to have options but later canceled all but one; SLATE removes the costs of

CLAIMS TO FAME

Lufthansa signs on as the first supplier for the Traxo Connect travel buyer platform.

HRS says it obtains 98 percent of corporate travelers' hotel invoices for its invoice database.

Pi CEO: SLATE "can learn the trip patterns of a particular organization or even of a group within that organization."

"We believe the corporate entity owns [business travel] information, and our job is to get that to them as efficiently as possible."

—TRAXO CEO ANDRES FABRIS

those canceled flights in order to get at the true cost of the trip.

"The particular problem we have in travel is: How do we group together transactions for a single trip, especially multi-legged journeys?" said Choe. "Often, there is no common identifier for employees across different systems. If they gave themselves an hour, an experienced traveler could do this, but how do you do it with a million transactions across a business? If you want to analyze how much it costs to send people to do business on a particular route, you can't really do it—or figure out which routes are incurring the highest number of ancillaries. This technology simply wasn't available five years ago. It can learn the trip patterns of a particular organization or even of a group within that organization."

—Amon Cohen

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Dinova's New Loyalty Scheme

BY ELIZABETH WEST

Corporate dining network Dinova now allows corporate travelers to collect loyalty points for personal use if their companies sanction the program. Travelers create a myDinova account, registering their corporate cards, and Dinova tracks each traveler's total restaurant spend—both in and out of the Dinova network. The loyalty tool rewards travelers per the dollar amount of in-network spending and additionally at specific percentage thresholds, and travelers exchange points for gift cards to in-network restaurants. The program is enabled for American Express corporate card holders, and Dinova will onboard additional cards by the end of the second quarter.

CEO Vic Macchio expects Dinova's corporate clients—which include 40 of *BTN's* Corporate Travel 100, along with a host of enterprises and midsize businesses—to embrace the program. In fact, he said, they're the ones who asked for it. "Dinova's fundamental value proposition to our corporate clients has been to earn rebates on dollars spent in the restaurant marketplace, given a little bit of concentration of their spend into the preferred network," he said.

Over the seven years since Dinova rolled out its primary program, however, corporate culture has changed, he said. "Travel managers are looking to implement policies that not only help the company but also benefit their end users. ... so they asked us to develop something to answer the question, 'What's in it for me?' We've been working on this for about two years. It represents a change in our model, but it's a challenge we were up to."

Gut Check #1: Where Traveler Loyalties Lie

Macchio said myDinova works like an airline or hotel loyalty program. "We wanted to make our program dovetail with everything else that [travel managers] already do," such as airline loyalty programs, he said. "That is not a program that the company is going to mandate, but the traveler can sign up for that program and most companies will allow the traveler to retain the loyalty points. ... Ours is exactly the same."

That said, travel managers have reported a mixed relationship with air and hotel loyalty programs. Many align with preferred suppliers that have popular loyalty clubs and then leverage those schemes for compliance. Traveler-level loyalty programs, though, also can siphon travelers away from preferred channels. That's especially true when suppliers offer bonus rewards for booking direct. Travelers also tend to book with their loyalty-program suppliers even in instances when those suppliers' rates are more expensive than another brand's comparable hotel rooms or airplane seats, a travel manager pointed out at a recent *BTN* conference. Typical loyalty programs, in other words, can spur not only non-compliance but also overspending.

The myDinova program avoids this pitfall because Dinova is not a typical supplier. It's a tool that drives spend into a preferred network, and thus there are no competing restaurants to worry about. It may actually help travel managers compete against consumer-oriented networks like OpenTable that offer their own loyalty programs. Macchio said there is no plan to enable restaurants to pay for increased exposure or to market bonus points to travelers.

Gut Check #2: Reducing Potential Rebate

Rebates are another concern with traditional rewards programs. Like a corporate card program, Dinova rebates are based on spend volume, and the more a company spends within the network, the rate at which the company earns rebates increases. Following this familiar model for managed payment makes the Dinova value proposition easy to understand and implement with clients. Typically, bringing a traveler-level loyalty rewards program into a rebate scenario means taking a hit on the back end: As travelers redeem points for rewards, it often chips away at the basis points upon which payment card rebates are calculated.

"We asked clients if they would be willing to fund a rewards program from their rebates, and the answer was a very quick and emphatic, 'No.'"

Travel managers are looking to implement policies that not only help the company but also benefit their end users. They've found that to be the current best practice to drive compliance."

—DINOVA CEO VIC MACCHIO

They want employee rewards, but it can't diminish the value of the primary program," said Macchio. "So we are funding this on our own economics with the rationale that the rising tide will lift all the boats. When more spend goes into the network, that's going to be worthwhile for everyone. We'll have a bigger business ... and we'll be more than able to cover that even if we have a bigger business at smaller margins."

Gut Check #3: Driving Up Check Costs

Like any loyalty program that rewards travelers on dollars spent, there's a potential downside for myDinova: travelers overspending to reap greater rewards. Restaurants in the Dinova network already report that business travelers spend a huge premium over average individuals or family customers. Stoking that fire with additional incentives could be bad news for corporates. Macchio played it down.

"Dinova is not about policy; it's about procurement," he said. "We are not controlling or suggesting how a company spends its money. We are addressing where it's spent from a procurement perspective. The reality is that nothing about Dinova or the myDinova loyalty feature trumps policy." He went on to say that if a company has an allowance [by city or country], employees are still required to comply with that allowance. "On top of that," he added, "all company dining expenditures must be approved by a superior, typically a direct supervisor. That will be business as usual."

Should manager approval not prove a bulletproof assurance, Dinova does offer reporting on average per-check data, top spenders and other key indicators per month that could help manage the issue more aggressively. "But there are many reasons per-check averages could increase," Macchio pointed out. Still, Dinova is looking for more ways to help travel managers guide dining spend more closely.

Macchio said Dinova is considering filtering Dinova's 13,000-plus-restaurant network by tier and then allowing corporate clients to configure policy around those tiers. The initiative could, for example, group high-end restaurants into a single tier and enable clients to pull a lever that would limit that tier to business meals with clients or prospects. The next tier down could encompass restaurants for individual dining or internal groups. Macchio suggested that such a feature would query travelers about their plans first, then display restaurant choices according to the corporate policy. ■

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Aftereffects of the Brussels Attacks

Two explosions in Brussels, one at the airport in Zaventem and one at Maelbeek metro station near the European Union headquarters—both claimed by ISIS—paralyzed the city on March 22. The death toll is at least 35, while the injured total more than 300. Flights in and out of the airport were canceled, the subway system was shut down and people were told to stay inside. Major airports across Europe also enhanced security. Belgian Prime Minister Charles Michel told reporters, “We were fearing terror attacks, and that has now happened.”

Fearing knee-jerk calls to change federal security policy and legislation in the United States, U.S. Travel Association CEO Roger Dow stated: “Our travel security policies should work to identify and separate [those who would do harm] from the pool of legitimate travelers so that law enforcement can focus their full resources on bad actors. Words matter and move markets. It’s just not realistic to ban religions, order war crimes and end international travel.” As additional terror threats are realized within Europe and pressure increases on the Schengen Agreement, the no-borders agreement that facilitates European crossborder travel and trade, European business travel may yet feel the effects.

—Elizabeth West

Traveler Safety Guidance

Travel safety company International SOS issued the following guidance.

Worldwide

- Arrive at airports well in advance to allow sufficient time for check-in and security procedures; passengers on international flights should arrive at least three hours before departure. Navigate the public check-in area as quickly as possible and proceed to the secure boarding area.
- Have access to reliable media outlets, the Foreign Office’s website and a professional security information provider to vet information and advise you on courses of action if you or your associates travel frequently.

“When these things happen, you forget that you are Belgian, French, Indian or whatever. And I saw travel managers reach out across many borders to help each other.”

—BUSINESS TRAVEL, MEETINGS & MOBILITY SOLUTIONS OWNER YVES GALIMIDI

- Hoaxes and inaccurate security alerts are likely to abound; do not take action on the basis of unverified information.

- Stay in touch with friends and family so they know whereabouts and how to reach you.

Brussels

- Travel to Belgium can resume, but travelers should be vigilant, and maintain flexible itineraries.
- Security operations, short-term security alerts and hoaxes will continue to pose difficulties in the coming weeks.
- Sudden closures to transportation hubs or other areas as part of the investigation also will disrupt movement.
- Continue to plan for increased security checks at major transportation hubs and as Zaventem Airport gradually reopens.
- Prepare for residual delays as backlogs of travelers are cleared.
- Travel managers should be prepared to authorize alternative transportation or extend accommodation for travelers at short notice.
- Interregional trains provide a lower risk exposure than road travel. ■

What It Was Like to Manage Brussels Travelers

Yves Galimidi, owner of Brussels-based Business Travel, Meetings & Mobility Solutions and former travel buyer for IKEA, offered BTN editor-in-chief Elizabeth West a view inside the minds of travel managers in the region.

WHAT’S THE FEELING AMONG TRAVEL MANAGERS YOU SPOKE WITH IN THE REGION?

There is a feeling of sadness and compassion. We are talking about people right now, not about savings or process. There are victims and people are hurt. Also there is a feeling of disgust and anger. People are saying, “How is this possible?” [and] wondering how the world is becoming a crazy place.

IS THERE CONCERN ABOUT FURTHER THREAT?

Yes, but maybe not as you think. They obviously feel a threat to their travelers, and they feel a duty toward their travelers because of that. But travel managers are feeling a threat to their business environment. They have a role in this new normal, and they are not used to it. They are wondering how to handle this professional challenge. They are also concerned about the threat to their suppliers because there could clearly be a financial impact generated by this. As corporates, we don’t want to see our suppliers not doing well. Supplier health is

important to our work. But I have also clearly seen and heard that there is no fear. People have been fearless. It’s an opportunity to show we are standing together and moving toward collaboration among travel managers, and I have already seen that.

ARE YOU SEEING STRONGER SECURITY PROGRAMS?

That happened years ago. Particularly in large companies, they have great programs in place and they work very well with great [security] suppliers. They are tracking and integrating. I don’t think there is a lot more here. What I see unfortunately is the limitations. It’s easy to track people at an airport or hotel, but what about in the underground [train]? This is exactly what happened in Brussels. How do we do that? This is the question and no one yet has the answer, [but] we do see development in more sophisticated tracking tools. I also see the role of social networks as much more powerful than we currently know.

HOW ARE SOCIAL NETWORKS MAKING AN IMPACT DURING THIS CRISIS?

[In the days after the attacks, I was] in touch with dozens of travel managers via social networks: LinkedIn, Twitter, WhatsApp and even Facebook. I was a travel manager during 9/11, and having access to social networks

made the experience of this situation very different. It really showed that even though this event was in Belgium, it’s not about Belgium. We are living in a global environment, and travel managers from all European countries but also India, China, Singapore, United States and Canada [are affected]. The world is affected.

Globally, travel managers are showing support and collaboration. Of course, we are receiving kind words and people are sending prayers of support, but I also see people who are discussing their security programs, asking for advice and identifying gaps.

I personally spoke with someone from [a large consulting firm] and asked if she was OK with her travelers. She said there had been a couple of casualties but that it wasn’t too bad. She told me that she had to evacuate a couple of Swedish employees and that she spoke to one of my former colleagues from IKEA to help. And they did that. Another travel manager reached out from India to offer tips on handling bombing situations because he had similar situations when India was experiencing bombings a few years back. ■

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What All This Hotel Consolidation Means

BY KEVIN IWAMOTO

In my predictions for 2016, I forecasted the continuation of large hotel corporation mergers and acquisitions. According to industry buzz, it looks like my prediction is proving to be true. The merger of Commune Hotels and Resorts and Destination Hotels, following Marriott and Starwood's original merger agreement, demonstrates the trickle-down effect of mergers. Consolidation at the boutique-property level like Commune and Destination Hotels shouldn't be a big surprise, as smaller chains and niche sector suppliers are high risk for being bought, sold or merged, given the current consolidation craze.

Destination Hotels operates more than 40 independent hotels and resorts around the United States and is a privately-owned subsidiary of Lowe Enterprises. Commune operates more than 45 hotels in North America, Asia and Europe under the Thompson Hotels, Joie de Vivre Hotels, Tommie, and Alila Hotels and Resorts brands. Combined, the pair of portfolios will be about 85 hotel properties. That volume should help them weather the next rounds of consolidation.

Most industry experts predict higher pricing dynamics after the rounds of consolidation, similar to what happened with airlines and travel management companies. Time will tell, but frankly, the hotels today control the pricing power. If anything, consolidation will only strengthen their dominance in client negotiations.

So far, there have been two major hotel group consolidations: Starwood, for which Marriott and a consortium of Chinese companies are engaged in a bidding war, and AccorHotels acquiring Fairmont, Raffles, and Swissôtel. There are a lot of rumors swirling around the industry about other major hotel brands and their reactionary plans: Will they preserve their size and scale in the new environment of mega hotel groups?

The airlines leveraged their consolidation efforts to increase prices and add fees for everything under the sun and ended up making billions of dollars in profit. Most hotels are in a much better place than the airlines, so consolidation will add higher revenues to their balance sheets, giving them the ability to drive more consumer-direct campaigns.



Kevin Iwamoto, Senior Vice President of Global Marketing, Lanyon

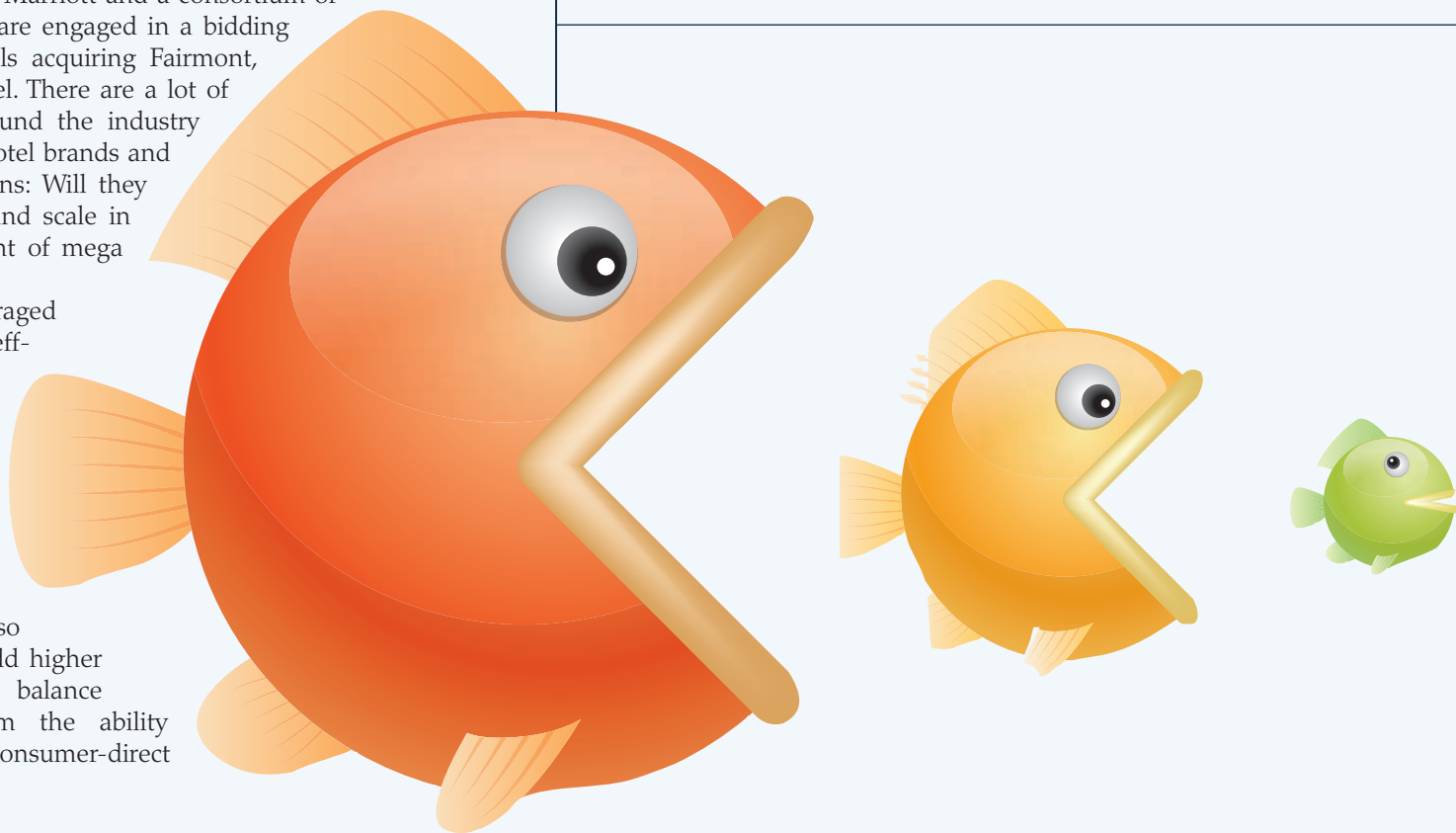
What Does This Mean for You?

All of these rounds of consolidation are going to have an impact on your hotel programs, changing the dynamics and, no doubt, your preferred suppliers.

With combinations of types of hotel offerings, including Airbnb, the hotel programs of tomorrow are going to rely heavily on corporations' ability to demonstrate their own command of buying-power numbers and market share and their ability to move business.

Those who can demonstrate their ability to move share and articulate their spend numbers will be the only ones who will be having meaningful negotiations with consolidated hotel groups. All others may simply be relegated to dynamic pricing. ■

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