

BTN

BUSINESS TRAVEL NEWS



ON THE HORIZON

2017 travel pricing predictions, plus the race to provide corporate travelers and travel managers with alternatives to Uber & Lyft.

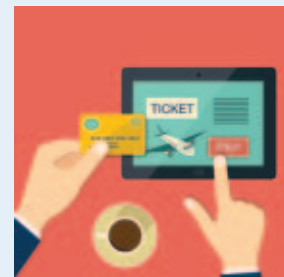
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TRANSPORTATION

TSA administrator Nef-fenger's airport security checkpoint goals, Delta's LAX & LGA terminal plans & Alaska Airlines' Joseph Sprague on the Virgin America acquisition.

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PAYMENT & EXPENSE

Two virtual card payment options surface on Concur, plus BMO's Steve Pedersen on the company's pilot for biometric authentication for card transactions.

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FEATURE



FULL STORY ON PG 12

BY ELIZABETH WEST

BTN's 2016

Travel Manager of the Year & Best Practitioners

Business Travel News named Salesforce senior manager of global travel Dorian Stonie its 2016 Travel Manager of the Year. Stonie's social-mobile-open strategy has radically expanded the value of the Salesforce managed travel program both for employees and for the company's preferred suppliers. *BTN* also named PricewaterhouseCoopers' travel management director Lauren Lee a 2016 Best Practitioner for digging deep into the PwC traveler experience and named Cardinal Health's senior manager of global travel and meetings management Jill Huffman a 2016 Best Practitioner for employing advanced data strategies to transform Cardinal Health's hotel program compliance.

Q2 Roundup: U.S. Airline Earnings

BY MICHAEL B. BAKER

United Airlines second-quarter passenger revenue declined 6.6 percent year over year due in part to continued travel cuts from the energy sector, though executives noted those cuts are becoming less severe.

Passenger revenue totaled \$8.1 billion, down from \$8.7 billion in the second quarter of 2015. The strong U.S. dollar, lower surcharges and growing industry capacity added to the energy sector's affect on revenue, the carrier reported. "Corporate travel bookings in the second quarter were essentially flat, with revenue down approximately 3 percent as corporate yields continue to be under pressure," United vice chairman and chief revenue office Jim Compton said during an earnings call. "We have seen capacity grow faster than demand, which puts pressure on yields, and corporate demand is not growing at that pace."

While the energy sector, hurting from lower fuel prices, has been a drag on United's revenue for the past several quarters, it now "is decelerating at a slower rate," Compton added.

Similar to Delta Air Lines (*see page 46*), United is trimming back capacity growth for this year. It's cutting transatlantic capacity by as much as 2 percent and Latin American capacity by as much as 10 percent. Compton said the carrier is "closely evaluating" its capacity plans for next year. In a research note, Cowen & Co. wrote, "Management will likely take a conservative approach to growth in 2017 given global economic uncertainty."

During the second quarter, United increased capacity 0.1 percent year over year as traffic dipped 0.5 percent. The carrier's load factor declined 0.4 percentage points to 83.5 percent.

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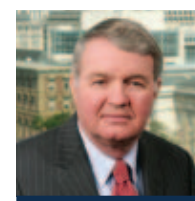
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Former Transportation Secretary James Burnley talks about FAA reauthorization & the potential for the agency to become a nonprofit.

"If you go to a nonprofit group, you can go to the bond markets, like virtually every airport in America does routinely, and make capital plans ... but you cannot do that so long as it's a division of the FAA."

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2017 Travel Pricing Predictions Around the World

BY ELIZABETH WEST

Supplier rate increases, per se, may not be travel managers' biggest challenge in 2017. Instead, uncertainty—in emerging market performance, in the global economy, in geopolitical relationships and in financial markets, interest rates and commodity prices, oil, in particular—has produced a fragile business environment and potential volatility in major business markets around the globe, according to a 2017 business travel forecast co-authored by the Global Business Travel Association and Carlson Wagonlit Travel.

Region by Region

Suppliers in North America will maintain the strongest overall price positioning for 2017, according to the report, which projected airfares in the region to rise 3.7 percent. Low oil prices and rising fares will allow North American airlines to reinvest in products and services. Hotel prices, continuing a soft landing from peak highs in some markets, will rise overall by about 4 percent. But it will be a tale of two coasts, with supply shortages on the West Coast driving prices up by low double digits while the East Coast may slide slightly backward thanks to low demand from Toronto's oil and gas industry and oversupply in New York. The report projected flat ground transportation rates for the region.

Europe, the Middle East and Africa, hit by recurrent terrorist activity and the uncertainty of Brexit, is among the most precarious regions when it comes to travel pricing projections. GBTA and CWT called it a "mixed bag" with airfares in Eastern Europe up as much as 4 percent due to lack of competition while rising a half-percent in Western Europe and 2 percent in both the Middle East and Africa. That said, Delta and Virgin Atlantic have announced capacity reductions for routes to the United Kingdom, based on stagnant business travel demand and Brexit concerns. Travel managers should keep an eye on whether other carriers follow suit.

On the hotel front, low oil and gas revenues will put a damper on travel volume, particularly in Africa, the Middle East and Russia. Report authors anticipated a 2.5 percent drop in Russia's hotel rates, a 1.8 percent rise in Western Europe and a half-percent fall in the Middle East and Africa. Despite the Brexit vote, the report predicted a strong hotel market in the United Kingdom, with rates rising nearly 7 percent next year. Ground transportation is expected to remain flat throughout the region.

Suppliers in Latin America and the Caribbean will face rate decreases overall, according to the report. Airfares will fall 1.9 percent, while hotel rates are forecasted to drop by just under 1 percent. Ground transportation offers a dim ray of light, with rates projected to rise by half a percent. The oil markets will play a big role here, as will political and economic uncertainty in the region. The economic outlook in Brazil, which was an emerging business travel darling, has crumbled under oil and gas pricing pressures.

Despite the fact that airlines have cut capacity in the region ruthlessly, report authors still predict a 7.1 percent drop in fares. Scarcity of basic resources in Venezuela and challenges in repatriating revenue for tickets sold in the country have prompted airlines to reduce or stop service to the market. Not only could this worsen the economic situation in the country, the report predicts more than a 10 percent spike in airfares and a more than 12 percent increase in hotel rates. Mexico may offer a healthier outlook in the region, with airfares projected to rise 4 percent and hotels to track a moderate 2.6 percent rate increase.

Asia/Pacific is looking at moderate growth in airfares and hotel

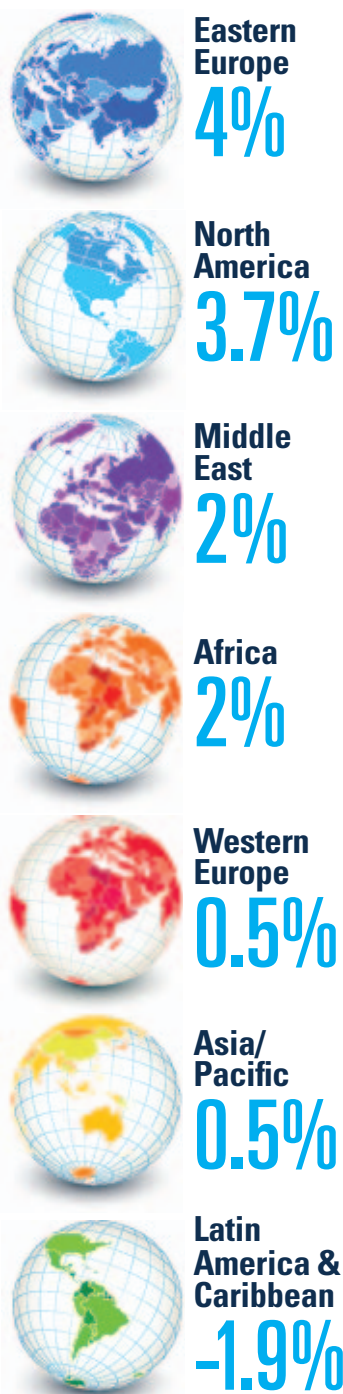
rates in 2017. China is settling into a "new normal," after years of explosive growth. Airfares there will stall at less than half-percent growth. The strongest airfare increases in the region will go to Hong Kong, at 3 percent, followed by Indonesia at about 1 percent. Japan will see airfares decline 5.5 percent, and in Singapore, fares will drop nearly 3 percent, according to the report.

Australia, Indonesia and New Zealand—and China to a lesser extent—are driving hotel rates 2.5 percent higher in Asia/Pacific overall. Australia hotel rates will jump 4.4 percent; the increase will be higher in Sydney and Melbourne, but rates will decline in western energy markets. A strong leisure market is poised to drive hotel rates up 7.6 percent in New Zealand. Conversely, report authors show Singapore rates dropping 5.7 percent in 2017 despite tight supply. India, where overbuilding has led to low occupancy, will see hotel rates decrease by 2.5 percent. Ground transportation rates appear flat in the region overall, but rates in Australia are expected to edge up by 2 percent.

"We are seeing relatively low, inconsistent and in some cases fragile economic growth," CWT CEO Kurt Ekert said about 2017. "Travelers and travel managers need to understand their travel patterns and spend and be alert to the impact of economic uncertainty and volatility."

In other words, while the global and regional pricing outlook gives a certain view, the market-by-market analysis tells the real story for travel managers. The report also underscored that travel managers should expect to be nimble and make significant changes to protect against market volatility. "Consider alternatives in all aspects of your program," the report authors wrote, "and maintain flexibility with your list of preferred suppliers to ensure you can adjust and mitigate risks as market conditions evolve." ■

Projected Airfare Growth



"Consider alternatives in all aspects of your program, and maintain flexibility with your list of preferred suppliers to ensure you can adjust and mitigate risks as market conditions evolve."

— GBTA & CWT FORECAST REPORT



Rush Hour for Technologies Going After Uber Corporate Biz

BY MICHAEL B. BAKER

Travel buyers soon could see a traffic jam of ridesharing options. Several emerging technologies are targeting the corporate travel sector. A mix of newcomers and familiar faces all hope to beat Uber at its own game with products they say address corporate duty-of-care concerns on platforms palatable to travelers weaned on the original innovator.

iCars launched last year in San Francisco and has spread to Austin, Houston, Dallas and Chicago. It plans to add Los Angeles and beyond according to president Ed Silver. Via both a mobile app and a Web portal, travelers can book cars for both on-demand and future rides in three tiers of cars: black cars, luxury SUVs and custom classics. More tiers are to come, he said.

While individual travelers can download and use the app, iCars was “built from the ground up for business travel professionals,” Silver said. Travel buyers sign up and can assign booking agents, who then set up individual employees with access to the app. Buyers also get access to a portal through which they can access reporting on past, current and future rides.

Driver requirements are rigorous, Silver said. “You’ll never be picked up by someone who isn’t subject to background checks, random drug tests and who doesn’t meet all state and local federal requirements of livery service,” he said. “We don’t allow contractors or students to drive you around. Our clients are discerning and folks who really believe duty of care means something.”

While spreading iCars’ national presence is the current priority, the company also is talking with potential partners like FCM Travel Solutions, Carlson Wagonlit Travel, Concur and Expensify, he said. “Those APIs are next up for us; we just want to make sure the proposition and product are tight,” Silver said.

Established chauffeured transportation suppliers are getting into the game, as well. Dav El|BostonCoach Transportation Network and EmpireCLS Worldwide Chauffeured Services recently announced they and their affiliates are pooling their services into an on-demand luxury service platform that Dav El|BostonCoach CEO Scott Solombrino said will roll out in New York City in September, followed by other U.S. markets. Travelers will be able to book through preferred suppliers’ apps, and the closest vehicle able to respond will get the transaction with uniform pricing across the network, he said.

Like Silver, Solombrino said duty of care would be the differentiator. “We’re going to evolve to their technology, and they’ll be forced to evolve to our duty of care,” he said. “You cannot have people in personal cars driving around, not knowing who’s driving the car. You don’t get to skip drug testing, fingerprinting and background checks.”

Similarly, Deem is leveraging its acquisition of Whisk to develop its own platform for both on-demand and traditional car bookings. Although president and COO John Rizzo cited similar duty-of-care benefits, he said the company’s technology background also will put it at an advantage.

“Developing software at scale is much harder than it appears from the outside,” he said. “We have 100 people dedicated on the engineering side building great software. As a software company, we ought to provide great software to everyone on the market and be the glue that holds all these together.”

Short Lead Time Providers

While not competing directly in on-demand car availability, other suppliers are increasing availability of “near-demand” car service. GroundLink, for example, is making cars available within 20 minutes of booking in Los Angeles, San Francisco, Miami, London and Washington, D.C., this year. Current lead times in those markets can

be as long as two hours. The service already is available in New York and Chicago, and GroundLink plans to add it to 15 more markets next year.

“We’re doing this at the rate of speed we can do it profitably, and each instance thereafter will get easier,” CEO Liz Carisone said. “Our customers will be very pleased with the service because it will be in the same wrapper that they have.”

GroundLink also is expanding use of a new algorithm Carisone said would make pricing more transparent. The company has based prices on zones, in which a ride within a certain zone is the same cost regardless of the distance. The new model calculates a standard base price, plus a per-mile cost. “What it will likely mean is prices will be lower shorter in and a little bit higher farther out, but in the markets that we’ve looked at, we’ve been very competitive with our other competitors, like Blacklane and UberBlack,” she said.

The new model has launched in Washington, D.C., and Chicago and will launch in Los Angeles within the next quarter. By next year, it will be rolled out in 20 of GroundLink’s largest markets.

Beating Uber

Of course, besting a behemoth like Uber will not be an easy task, even with a slew of new competitors. As ridesharing services gain ground in corporate travel, Uber has accounted for a significant majority of those gains, even against its chief competitor Lyft. While duty-of-care concerns continue to arise against Uber, travel policy bans of the service have become less common than a “look-the-other-way” approach. Uber also continues to tweak its offerings to become more attractive to managed travel programs.

Lyft, meanwhile, is looking for ways to work alongside chauffeured car providers. Speaking on a panel at the recent Global Business Travel Association convention, Lyft chief business officer David Baga said the company is talking to chauffeured car suppliers, including Carey International, about partnership opportunities.

“When we’re talking to corporate travel managers across the country, their ground transportation data is a mess,” Baga said. “I believe there’s a world where you have a variety of different use occasions inside the company. You’re going to have a black car company, and you’re going to have a ridesharing company with Lyft. They want a unified customer experience and data transparency and reporting.” ■



“We’re going to evolve to their technology, and they’ll be forced to evolve to our duty of care.”

— DAV EL|BOSTONCOACH
CEO SCOTT SOLOMBRINO



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Former DOT Secretary on the FAA Reauthorization

In July, a bill funding the U.S. Federal Aviation Administration through Sept. 30, 2017, became law (see “*FAA Extension Expands TSA PreCheck & Enhances Security*,” at right). The reauthorization also addressed consumer protections for lost luggage but did not include a provision turning the nation’s air traffic control system into a self-funding, nonprofit entity. Former U.S. Secretary of Transportation James Burnley, who served during the last years of the Reagan administration and co-chairs the transportation practice at law firm Venable, has been a longtime supporter of the air traffic control provision and spoke with *BTN* transportation editor Michael B. Baker.

WHAT ARE YOUR INITIAL THOUGHTS ON THE REAUTHORIZATION TERMS?

The best news is that the extension is for as long as it is, 14 months. The last go-round, Congress passed 23 short-term extensions before it was finally able to pass a multiyear reauthorization bill. That is so disruptive, particularly to the airport grants program; the ripple effect plays out at airports all over America. Until there’s a multi-year reauthorization bill, the FAA can’t write checks for more than the period of time for which it’s authorized. It creates an enormous workload for people administering the program, it creates uncertainty and, for people managing the airport, it makes it impossible to get longer-term grants. We’ve avoided all that. If we have to have an extension, it’s a good thing it’s as long as it is.

DOES THAT CAUSE NOTICEABLE EFFECTS FOR PASSENGERS?

That stop-start on the short-term extension basis basically does freeze a lot of projects at airports, and it means the airports don’t expand and modernize facilities as they are planning to do. That has a very direct effect on passengers. It’s not one they’re necessarily cognizant of, but it’s real.

THE REAUTHORIZATION DOES NOT INCLUDE THE AIR TRAFFIC CONTROL PRIVATIZATION PROPOSAL FOR WHICH MANY LOBBIED AND THAT WOULD REMOVE THE AGENCY FROM CONGRESS’ FUNDING CYCLE. WILL THAT STILL BE A TOPIC OF DISCUSSION GOING FORWARD?

First, it’s not privatization. It’s a proposal to transfer the facilities to a nonprofit corporation, which would still have federal representation on it, as well as representation from all the key players in the aviation community. The proposal is a solid one. [North Dakota Sen. Byron Dorgan and I co-chaired The Eno Center for Transportation] think tank, and in the spring of 2015, we put out a report that included both the detailed descriptions of the systems around the world we think were good models, including the Canadian



Venable transportation practice co-chair James Burnley talks:

- The good & bad of the reauthorization
- The case for making air traffic control a nonprofit
- Transportation priorities for the new U.S. president

system, and a statement of principles. We had every key player in the aviation community almost without exception on our working group. [House Committee on Transportation and Infrastructure chairman Bill] Shuster took our statement of principles to heart, and his bill is constructed along the lines we recommended.

We’re trying to run a very complicated 24/7 enterprise under the same rules that apply to federal grant programs in terms of the pay scale and the procurement hurdles you have to go over. No one should be surprised that you don’t get great outcomes when you do it that way. The Canadian system was set up in 1996 and, by all accounts, has done a great job of modernizing. Sadly, because I want to see the U.S. do what it has done since the Wright brothers and lead the world in aviation, in some ways we’re falling behind the Canadians. I’d like to see us free up our very able folks who manage the air traffic control system so they can do what needs to be done efficiently and at the lowest possible cost.

WHERE ARE WE WITH THE NEXT GENERATION AIR TRANSPORTATION SYSTEM?

It continues as a set of procurements. The FAA is doing the best it can within the constraints it has to deal with. The FAA right now has very strong leadership. If you go to a nonprofit group, you can go to the bond markets, like virtually every airport in America does routinely, and make long-term capital plans. You can do the same thing with the air traffic control system, but you cannot do that so long as it’s a division of the FAA. The U.S. Treasury and [White House Office of Management and Budget] go nuts if you even talk about that, and it’s against the law.

In the mid ’80s, when I was at DOT and was the deputy secretary to Elizabeth Dole, we spent a couple of years convincing Congress

“The best news is that the extension is for as long as it is, 14 months. The last go-round, Congress passed 23 short-term extensions before it was finally able to pass a multiyear reauthorization bill. That is so disruptive.”

that we should take National and Dulles airports, which at that time were a department of the FAA, and transfer them to a regional authority. Congress at first was very reluctant to give up control of the D.C. airports, but the singular argument that convinced them was that those airports could then go to the bond markets. If we hadn’t been successful in convincing Congress of that, Dulles’ main terminal would be half the size it is today, and Reagan National would still have as its main terminal what is now the A Concourse, the oldest part of the facility.

WILL THE ATC PROPOSAL BE EASIER IN A NON-ELECTION YEAR?

Chairman Shuster plans to try to move it forward next year. I don't think [the fact that] it's an election year had anything to do with us not getting it done this year. With the airports, which was a far smaller proposal, it still took us over two years to educate and convince Congress it was a good idea. Chairman Shuster just unveiled his proposal last winter, so it was no surprise to me it might take longer than one session of Congress to go through the same educational process and debate. There is a reasonable chance of getting

WHAT ABOUT THE PROVISION REQUIRING REFUNDS OF CHECKED BAG FEES FOR LOST OR LATE LUGGAGE DELIVERY?

You have to be very careful in that area. I'm a skeptic of anything that puts the federal government back into the business of telling the airlines, on nonsafety issues, how to do business. From my perspective, those provisions were not necessary. The way they're written, the airlines will be able to live with them, but if I were writing that bill, I would not have included them. We can all find fault in specific instances, like when an airline loses your bag, but when you take a step

"I'm a skeptic of anything that puts the federal government back into the business of telling the airlines, on nonsafety issues, how to do business."

this done. It's not going to be easy. This day and age, getting any big idea through Congress is not easy, but on the merits, it's compelling as a proposal. The challenge those of us who support his efforts have is to educate and persuade other members. It's not a partisan proposal at all. The closest we came to this before was during the Clinton administration. At the beginning of his second term, they had a proposal called the U.S. Air Traffic Service [Corporation Act], which was a public nonprofit intended to do exactly what Shuster's proposal does.

THE FAA REAUTHORIZATION INCLUDED PRECHECK EXPANSION. IS THAT A GOOD IDEA?

We have to be sure we use every tool at our disposal, starting with PreCheck. You don't want to do anything that compromises security, but there are ways like PreCheck and now the Clear program. Anything of that sort that makes it easier for people on the front lines to move people through the system and know they're safe is a good idea. The current leadership at TSA has done an excellent job this summer in addressing the snafus that were causing the horrible lines at some of the airports. In the short term, it seems to have been addressed. If the economy keeps growing, travel will keep growing, so you can't relax.

back, it's an amazing system, and it's remarkable we move as many people with their luggage as successfully as we do everyday and at an incredibly low cost overall. My mantra in this area is, "Do no harm." If the government goes far down that path, you'll find quickly that you're discouraging innovation.

ONCE WE'RE PAST THE ELECTION, WHAT SHOULD THE NEW ADMINISTRATION'S TRANSPORTATION PRIORITIES BE?

We still have countries with which we do not have Open Skies agreements. We've continued to make progress to include the Japanese gradually, but Open Skies agreements on the whole are a very healthy thing for our industry and our travelers, and I'd like to see them become ubiquitous. It would be great if the new administration enthusiastically embraced chairman Shuster's proposal and participated in the debate and education process next year. The administration of the FAA does not change with the change of administration because he's on a five-year term. There will perhaps be a new [transportation] secretary. If [Hillary] Clinton wins, [U.S. Secretary of Transportation Anthony] Foxx could be asked to stay on, but assuming there's significant turnover, I would hope the new leadership would take a look at Shuster's proposal early on. ■

FAA Extension Expands TSA PreCheck & Enhances Security

BY ELIZABETH WEST

Failing to come to an agreement on long-term reauthorization for the Federal Aviation Administration, the U.S. House of Representatives and Senate landed a 14-month extension that President Barack Obama signed just before the current authorization's July 15 expiration. The measure extends funding for the FAA's programs through Sept. 30, 2017, at current levels.

Expansion of the Transportation Security Administration's PreCheck program is central to the measure. It directs TSA to partner with the private sector to develop enhanced enrollment and vetting methods to increase the number of trusted travelers and increase operational efficiency of TSA checkpoints. It also aims to reduce passenger wait times by optimizing TSA staffing models.

Additional security initiatives target overseas airports with comprehensive security assessments and extend training, screening, equipment donation and cargo program certification to high-risk airports to bolster security standards for United States-bound flights.

The FAA extension also addresses safety concerns like drone activity around both airports and critical infrastructure, as well as during emergency situations. It enhances the hiring process for air traffic control personnel and strengthens mental health screening requirements for pilots. It also requires training to help flight attendants recognize and respond to potential human trafficking victims.

As important as what the measure includes is what it doesn't include: neither an effort to address an outdated air traffic control system nor initiatives to bolster airport infrastructure, both of which require long-term investment.

In a statement, U.S. Travel Association president Roger Dow praised the House Transportation and Infrastructure Committee and the Senate Commerce, Science & Transportation Committee for supporting critical security and consumer needs with the FAA extension. "The language expanding TSA PreCheck gives the travel industry the most cause to celebrate. TSA PreCheck is a rare 'win-win' program that both bolsters security and vastly improves the airport screening experience for flyers," he said. "Above all, though, we stress that Congress must find a way to deal with our aviation system's crumbling, outdated infrastructure. If America is to remain an attractive, welcoming destination for all travelers, the next FAA reauthorization must include long-term fixes for our airports."

House committee members Bill Shuster (R-Penn.) and Peter DeFazio (D-Ore.) and Senate committee member John Thune (R-S.D.) stated they are "committed to working together on a longer-term reauthorization that includes other important reforms benefiting all passengers and Americans who depend on a safe aviation system." ■





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Business Trip Volume Dipped in Q2

Airline purchases settled at the U.S. point of sale through clearinghouse Airlines Reporting Corp. show that business trip volume rose by less than 2 percent from 2014 to 2015. That growth slowed to less than 1 percent from the first quarter of 2015 to the first quarter of 2016. And in the second quarter of 2016, business trip volume didn't just grow more slowly year over year; it dropped. ARC's data represents more than 8 million business trips—one-way transactions equal half a trip—processed by corporate travel management companies and ARC-accredited Corporate Travel Departments. ARC and The BTN Group's *The Beat* designed the quarterly data set as an indicator of corporate travel health; not all corporate travel transactions are processed via ARC.

FROM FULL-YEAR 2014 TO
FULL-YEAR 2015, THE
NUMBER OF BUSINESS TRIPS

INCREASED 1.8%

FROM Q1 2015
TO Q1 2016,
BUSINESS TRIPS

INCREASED 0.8%

THEY DECREASED 1.1%

FROM Q2 2015 TO Q2 2016

The three largest U.S. airlines pointed to declining corporate revenue and yields during second-quarter earnings calls, confirming the ongoing pressure on corporate airfares reflected in ARC transactions (below). Close-in yields were especially weak, airline executives noted.

Average Economy Airfare*

April YOY
Down
7.7%
to \$587.16



May YOY
Down
7.6%
to \$619.55



June YOY
Down
7.6%
to \$625.80



Average Premium Airfare**

April YOY
Down
3.7%
to \$3,999.60



May YOY
Down
2.7%
to \$4,007.40



June YOY
Down
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OPEN TO CHANGE

As **Dorian Stonie** transforms the Salesforce travel program, his collaborative approach with suppliers, travelers and peers continues to shape next-generation products, services and travel management paradigms.

SOCIAL. MOBILE. OPEN. Those three words define the Salesforce travel program strategy, and they have become a mantra for Dorian Stonie who, as senior manager of global travel, continues to take his suppliers—and anyone watching the trajectory of his program—on a journey that's crafting the future of managed travel.

But social, mobile, open wasn't always the travel management strategy for the cloud-based software-as-a-service company, which landed a spot on the Fortune 500 in 2015 after 17 years of spiking growth. Indeed, when Stonie and Ralph Colunga came to Salesforce in 2009 from HP and Oracle, respectively, the company had "midsize" travel volume with a growing global footprint. They rolled out a formulaic travel program within five months, taking Salesforce to a single travel management company, a single booking tool, a single credit card company—harnessing volume and reigning in the options.

The proven best practices were working. "It was actually very successful. We could count complaints about the program on one hand," said Stonie.

But Salesforce's own Dreamforce conference in fall 2011 sparked a transformation that would break open communication channels, tech-

nology choices and booking channels. Moreover, that transformation would expand the scope of a traditional managed travel program in a way that would increase the value of the program for both preferred suppliers and Salesforce employees.

"We came out of the show and went, 'Wow, our customers are changing, our company is changing, the industry is changing. We've got to do something different,'" Stonie said.

SOCIAL

"Salesforce was our first client to embrace the social channel," BCD Travel senior vice president and Advito managing director April Bridgeman said about Salesforce's full adoption of its own Chatter platform as the administrative foundation of its travel program.

"I was the webmaster for the travel group at the time, and I will tell you that I was skeptical," said Stonie, who took over a travel community called "Road Warriors" from a group of 50 internal users who had leveraged Chatter for an informal travel information exchange. Stonie began promoting it to all travelers with a constant stream of information.

The social channel was the right choice for Salesforce's typical

employees: under 30 years old, consumer-oriented digital natives who were unlikely to search out travel policy information buried on an intranet site and even less likely to read it.

"Instead of broad campaigns that would come out once a quarter or once a year, we moved to much smaller, much more frequent messaging via the Chatter platform," said Stonie. Eventually, messaging wasn't always around travel, which turned out to be a revelation. "We found what we call the 'social secret sauce,' which is one-third corporate information, one-third traveler and industry information and one-third fun."

To that end, Stonie would run photo contests, travel policy pop quizzes and raffles with rewards as simple as tchotchkes collected from Global Business Travel Association events. "We had senior level executives participating in raffles for notebooks. People loved it. It was fun and interactive, and 'liking' a post for the chance to win a prize doesn't take a lot of time. Then you start mixing it up, with policy and information about preferred suppliers."

At first, the travel team was responsible for all the content: responding to inquiries, administering contests and devising the next raffle, all while communicating about policy and preferred suppliers. Over time, the social community has grown from 50 users to more than 6,000, and policy questions have been widely circulated and answered, allowing a many-to-many communication environment to emerge. "One of the biggest benefits is that Road Warriors help other Road Warriors," said Stonie. All travelers at Salesforce are called Road Warriors as part of the social community identity. "There are a lot of people who know the answers to basic travel program questions, and they love sharing that knowledge. In some cases, especially for our international markets, there are Road Warriors who know certain countries, regions, types of travel better than [the travel management team] ever could."

Bridgeman believes the social strategy has helped scale Salesforce's travel program in such a fast-growing environment: "Salesforce's program has never reached equilibrium; it's been so dynamic and growing so fast. Finding a comfort level with that many-to-many communication channel has actually helped them to address that challenge while keeping their employees engaged and educated."

She also said working with Salesforce helped BCD/Advito shape its strategies and practices around social enterprise technologies within the managed travel space. "[BCD/Advito] embraced enterprise social in our own company at about the same time and happened to adopt the Chatter platform," said Bridgeman. "So we started this journey together in a way and together developed a unique partnership in leveraging traveler feedback to improve the program." In addition, the partnership "helped BCD to develop our enterprise social methodologies that we now share with other customers."

MOBILE

"We realized early that we had to deliver everything where the travelers needed it. For our team, that meant mobile devices, whether phones or tablets. And many [travelers] have multiple devices, so we needed to deliver through all these channels if we wanted to reach them," said Stonie.

Stonie emphasized that Salesforce now requires all suppliers to meet the mobile standard, weaving the

"Dorian is not afraid to take measured risks. He approaches them with grit, and he is able to focus on the solutions. ... His work has legitimized concepts that otherwise might only be concept."

—BCD TRAVEL SENIOR VICE
PRESIDENT & ADVITO
MANAGING DIRECTOR
APRIL BRIDGEMAN

Salesforce's Travel Management Team

Ryan Pierce
Travel Manager Americas

Robbie Hughes
Travel Manager EMEA

Veronica Bergel
Travel Manager APJ

Jenny Sabine
Travel Coordinator

company's internal Salesforce1 mobile app, Concur Mobile, International SOS and other apps into connected platforms. "We no longer build stand-alone vertical programs. They all must be horizontally connected with cascading information downstream." That said, Concur's mobile tool kit provides a solid core for the T&E program, while the Salesforce 1 app keeps lines of communication open with mobile access to the Road Warriors social community and other company services.

Even with a strong mobile strategy, Stonie added that the company doesn't have a mobile policy. "Travelers are free to load individual supplier apps or whatever they need to support their trips," he said. With the next generation of Concur Mobile and TripLink—which integrates such major suppliers as Avis, IHG, Marriott and Starwood and soon will integrate United Airlines and American Airlines—Stonie imagines a reduced need for travelers to go outside the program for mobile tools, though he does not see a time when it would be forbidden.

Salesforce mobile and social strategies play well together. "All our communications have to pass the mobile litmus test," he said. "Short, frequent and a strong visual component [that] helps catch the eye, and then people will read deeper if it's the topic they are looking for." But even so, as travelers scan the social feed, they get continuous impressions from preferred suppliers and stories from their colleagues who are using and recommending those suppliers.

"I'm a true believer that if we have configured our travel program with the right balance between rates and service, the traveler should naturally migrate to our preferred suppliers. The [social platform] gave us an opportunity to provide that information to them, and suddenly it was like a treasure chest opened for travelers even though we were doing many of the same things we had been doing for years like negotiating discounts and getting breakfasts and free parking. Suddenly, people are going "'#wow #cool, I didn't know you had these discounts.'"

OPEN

Social marketing and mobile access have been central to the success of the most controversial aspect of Salesforce's travel program: enterprisewide open booking.

Stonie and Colunga acknowledged early that open booking—originally supported by Concur's TripIt, which is now part of the overall TripLink solution—would be integral in transforming travel management for Salesforce and eventually for the industry. Stonie's former colleague, Ralph Colunga, who now manages travel for Concur, remembers the shift.

"When we were at Dreamforce, I remember hearing from [Concur CEO] Steve Singh about TripIt integrations and aggregating data irrespective of the booking source. All that data that everyone knew was missing—we could have the potential to see that. After all the years of trying to control employees ... we realized that we had to evolve our thinking and sunset the notion of 'command and control' travel management."

Stonie described the evolution: "In the past, we had created corporate travel programs that were like an upside down funnel. We mandated to a small entry point at the top so the information was already focused when we picked it up on the back end," he said. "We took the approach that we want to turn



the funnel right-side up to get more distribution channels at the top but then aggregate the data behind the scenes. With evolving mobile technologies, the proliferation of apps and instant access to travel content in the marketplace, at some point you have to figure out a new way.”

Amy Hyatt, the BCD vice president assigned to the Salesforce account, remembered the “figuring out” day when Stonie brought together Concur, BCD and Salesforce to map the open-booking solution: “We white-boarded the entire process to capture duty of care and reporting requirements. Salesforce needed detailed reports and hierarchies, and we needed complete data sets. Types of bookings had to be segmented, how they would flow back and how reliable the data would be. It was an incredibly collaborative process, and we always had the latitude to question whether it was really what Salesforce wanted and to question Concur.”

Bridgeman added that the trio of companies continues to refine the open-

booking system. “Dorian is not afraid to take measured risks. He approaches them with grit, and he is able to focus on the solutions,” she said. “More than that, and one thing that I very much admire, is how willing Dorian is to share his experiences openly with suppliers and with other travel managers. His work has legitimized concepts that otherwise might only be concepts, and that’s what makes him a true pioneer for our industry.”

BEYOND OPEN

Asked whether open booking and the shift to aggregating data on the back end have changed Salesforce’s idea of compliance, Stonie continued to talk about high compliance with preferred suppliers.

This is where Salesforce’s travel management paradigms get particularly interesting. Because it’s not just open booking. It goes beyond that. That Road Warriors social community? It’s not a closed channel;

BTN 2016 Best Practitioner for Hotel Program Data, Sourcing & Compliance

JILL HUFFMAN / Senior Manager of Global Travel & Meetings Management / Cardinal Health



Jill Huffman has managed travel for six years at Cardinal Health. In the past 18 months, however, she not only has globalized the travel program and implemented global meetings management with internal support organizations, she did it all as Cardinal Health made 15 acquisitions and expanded to 60 countries. While *BTN* commends this work and her suppliers say they are “in awe” of her energy and efficiency, something else Huffman achieved in the midst of this rapid-fire growth and program implementation stood out: She improved hotel program compliance by more than 60 percent. *BTN* spoke to Huffman about how she did it.

BTN: IMPROVING YOUR HOTEL PROGRAM AND DRIVING COMPLIANCE ALL STARTED WITH DATA. TELL US ABOUT THAT.

HUFFMAN: You can’t talk to your suppliers if you don’t have data. My first initiative at Cardinal Health was to make sure we had data. I looked at hotels, airlines, car, everything, but there wasn’t much. So I started pulling reports from the different suppliers and pretty soon my desk was a mass of reports. I needed to make sense of it.

I took the analytics tool we were using for [accounts payable] data and worked with the supplier to build a travel cube off of it. The big thing was that neither my company nor my third party had worked with travel data in this way, so it was something very new,

creative. My director and I really had to think about the [data] dimensions we wanted to put into the tool to get the outputs that would allow us to manage our programs the way we wanted. I’m still tweaking the tool as our program goals change.

BTN: SO YOU PUT IN THE HOTEL DATA—FROM SUPPLIERS, YOUR TMC, FROM CREDIT CARD, ETC. WHAT DID YOU FIND?

HUFFMAN: I saw compliance levels at about 26 percent or 29 percent for the hotel program. I thought, “Wow, you’re not doing well here.”

BTN: YOU DIDN’T JUST START A COMPLIANCE INITIATIVE AS A RESULT, THOUGH. YOU REBUILT THE HOTEL PROGRAM ON THE FOUNDATION OF YOUR DATA CUBE. EXPAND ON HOW YOU DID THAT.

HUFFMAN: I worked with real estate to find out what markets we are in; we are in 342 markets in the U.S. When I looked at the number of room nights in each market, I found that people were not going to the preferred properties. I started by looking at the properties where most people were staying, under the assumption that they were the best locations. They made the short list, but we still needed to take it down to two or three hotels per market.

BTN: SO HOW DID YOU DO THAT? YOU CAN’T VISIT 342 LOCATIONS.

HUFFMAN: We started talking to local stakeholders and identified someone willing to help us build the hotel program. We identified safe neighborhoods by ZIP code within a five mile radius of our location. They toured the facilities. As part of Cardinal’s [employee recognition] program, I was able to give our local stakeholders “bravos” and “thank yous” and kind of a kudos every time they went and looked at a new hotel for us. That whole process, and including them as key partners in sourcing the program, created a new level of engagement, and the local markets are helping us to manage compliance.

BTN: DO YOU SEND THEM REPORTING?

HUFFMAN: Actually, yes. We pull actual hotel booking reports from the travel cube every Monday for bookings made the prior week. Based on ZIP code, flagged preferred hotel properties and price, the tool gives us

a list of all compliant bookings. The tool flags compliant bookings that didn’t get the correct rate, so we can go back to the hotel. Next, it pulls all the noncompliant bookings. If the ZIP code is OK and the price is lower, it’s still compliant even if the property is not preferred. Everyone else on that report will receive an automated email that says they are noncompliant and asks them to change their reservation.

To your question, though, we do send these reports to the local stakeholders so that they can see if people coming to their facilities are staying in preferred properties. Imagine if you’re walking in the door of the distribution center and the administrative assistant asks, “Why did you stay at that hotel? That’s not a preferred.” It’s going to make a big difference.

BTN: I BET YOU HAD A LOT OF PHONE CALLS AFTER YOU STARTED SENDING ALL THOSE EMAILS.

HUFFMAN: There are always reasons, whether they booked another property because of a room block [for a meeting] or there was no availability. We understand that, but most of the time we just needed to tell them that we want to ensure their safety and that we’ve vetted these properties. But once we got through those early stages, we saw a huge dip in how many people were going outside the program, and it’s not that there was any penalty or reprimand associated with it. It was more about awareness. Plus, they just didn’t want to be on that report.

What I really liked was that it opened communication and people started to talk to us about the program. For example, we learned more about sellout markets, where even though it’s a small market for us that normally might require only two preferred hotels, we might need to source more because of the sellout situations. It also opened the door for us to get more traveler feedback because people would pick up the phone or they would email us and tell us what was happening in those markets.

BTN: I KNOW YOU’VE ALSO INCORPORATED TRAVELER SURVEYS AND USE WEIGHTED FEEDBACK TO MEASURE HOTEL PERFORMANCE, BUT TELL ME THE END RESULT OF YOUR COMPLIANCE EFFORTS.

HUFFMAN: We’re at 84 percent to 86 percent nationally. At one point at our corporate office, we were over 90 percent, which was huge for us.

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it's open to suppliers. That managed travel program? It's not just for company travel. Loyalty programs, discounts, special supplier deals, extra points—those are all extended to employees' personal travel, as well. It's all this "openness" that actually makes the program work, according to Stonie and his preferred suppliers.

"Social, mobile and open has actually increased our compliance," Stonie said, "from the standpoint that we have better-informed travelers who want to do the right thing. They just know; they just have more information about who our preferred suppliers are."

Stonie recognized early on that opening the social channel to suppliers, allowing them to market to and openly message Salesforce travelers would engage his travelers with Salesforce's preferred supplier set. "When you become a Salesforce preferred supplier, it's not just a discount and being stamped 'preferred.' That's just the first part of the journey," said Stonie. "Really, what preferred status gives you is the opportunity to build your brand among our travel community. That's what is going to make the preferred different than A, B or C brand, and through that type of relationship, we're building [stronger] partnerships. It's not just at a business-to-business level; it's at the business-to-traveler level because that traveler might take two trips annually for

Salesforce but might travel four or five times a year personally, and the suppliers should want to be there for that part of the business, as well."

As it turns out, they do. And the deal gives Salesforce more power.

Colunga remembered an early conversation with a car rental company when the program was in the concept stage: "I said, 'What if we are not only going to allow you to message directly to employees but encourage that?' The senior leadership responded, 'If you did this with us, we'd make you a deal you can't get anywhere else.' We had a fairly small travel program at the time; it became immediately clear that it added to our leverage."

Karen Morrison-Perry, United Airlines sales manager working on the Salesforce business, said this type of engagement is what suppliers have wanted, but they had scant opportunities with other corporate clients. For Salesforce, United has created photo contests, given away a pair of tickets for a 'launch of summer' event and attached airline club passes to a quiz about a new United service.

Throughout, Stonie has curated the projects for short, direct messaging and for simplicity that works in a mobile moment. Where United used to see 75 hits on its promotions, it now gets more than 600, Morrison-Perry said. "People hashtag and 'like' and it creates a buzz." Those interactions are golden, she said, because United wants to target

BTN 2016 Best Practitioner for Travel Program Engagement

LAUREN LEE / Director of Travel Management / PricewaterhouseCoopers



In 2014, PricewaterhouseCoopers' Lauren Lee realized the demographics of her travelers were changing. As Lee dug deeper into travel program feedback and solicited more feedback from travel arrangers and managers, a theme emerged above all the specifics. "It kept coming back to making travelers happier and more productive on the road," said Lee. "That aligned with our talent strategy at PwC; it aligned with our productivity initiatives. There were so many linkages that it was worth figuring out."

Among the features Lee introduced were mobile booking with voice commands, reimbursement for Global Entry, TSA PreCheck and in-flight Wi-Fi, caller authentication at the travel management company, instant message chat directly to agents and a social networking site. *BTN* spoke to Lee.

BTN: WHAT WAS THE MOTIVATION BEHIND SURVEYING PwC TRAVELERS, MANAGERS AND

TRAVEL ARRANGERS BEFORE REDESIGNING THE TRAVEL PROGRAM?

LEE: The pivot point for us was an internal study done about two years ago that projected by 2016—basically now—that 80 percent or more of PwC employees would be Millennials. Based on that, we decided to evaluate whether our program was still a good fit for our travelers. We talked to senior leaders in the firm. We asked for feedback from travelers and travel arrangers. Ultimately, all of the feedback centralized around one concept: "Make me happy." We went on the mission to explore what that means. Our professionals wanted things to be fast, easy, flexible, intuitive and all of the things anyone would want. Our goal was to remove the friction from the travel process.

BTN: WHAT ROLE HAS THE TMC PLAYED IN THIS JOURNEY?

LEE: We went to our TMC and shared the information with them. We said, "This is a challenge. We really want to meet these expectations." We had a lot of great discussions and discovery about what would be possible, but we also challenged the TMC to make the changes cost neutral for PwC. We tried very hard to stay in the zone of what we could achieve together. Ultimately, we created a road map [and] many of the initiatives have been completed to date—at no additional cost.

BTN: THE MOBILE CHAT DIRECT TO THE AGENT WAS A FIRST FOR YOUR TMC. EXPLAIN WHAT IT HAS DONE FOR THE PROGRAM.

LEE: We now have multiple ways to reach our travel agency: traditional telephone, email and now instant message. It was a must-have for the program, and travelers in our pilot program told us never to take the feature away. It has really enhanced the value of the TMC to the traveler. Our travel arrangers [have also] connected with this service. [They tell us] it helps

them to multitask. It's a time-saver and that's something that we like at PwC.

We've done more around the communications piece. The TMC now has call authentication that recognizes callers and maps callers back to traveler arrangers in order to service bookings more efficiently. We also identified a certain period of time when our travelers need to have dedicated agents available. So we extended 50 percent of our call hours to match the way that our people work, the time zones, etc., which has cut down on after-hours calls.

BTN: THAT MUST HAVE SAVED YOU MONEY.

LEE: We really wanted to hit that spot where everybody can be in coexistence between experience and cost.

BTN: YOU ALSO IMPLEMENTED A SOCIAL NETWORK FOR TRAVEL. HOW IS THAT GOING?

LEE: We recognized that leveraging our internal social media site would help engage travelers and travel arrangers. It's popular because we actually answer questions quickly and [users] also give their feedback very quickly. They no longer have to wait for the annual survey; they tell us that candidly all the time. It builds our credibility. We respond to the feedback, positive and negative, and that is also the way we measure how we're doing as a program.

BTN: HOW MUCH ADMINISTRATIVE CONTROL DO YOU HAVE? DO YOU REMOVE COMMENTS OR TRY TO CONTROL MESSAGING?

LEE: We want our travelers to interact with each other. We don't control it, and we don't remove the information. We can make a correction statement, but that is rare. Oftentimes, a traveler will post a question and another traveler or travel arranger may actually answer before we get to it. In a way we're all helping each other, and that's really what social media is about.

those young customers who haven't yet established travel loyalties in their personal or professional lives. "When they see the choices out there, I want them to recognize United," she said.

Dan Shuman, global account executive for Marriott International, has spearheaded Salesforce's only supplier-led travel community on the Road Warrior network. He said it's not filled only with information about Marriott but also focuses on the fun side of travel, giving recommendations, as well as promotions for local doughnuts and other "not-to-miss" experiences.

"It's like a Facebook company page. It's a business-to-traveler social engagement, and it's the only one we have with any of our corporate customers," he said, though he notes that social engagement platforms have grown among corporate clients. But this is different. "The Salesforce travelers know me by name. The [direct access] helps us demonstrate our value and build our identity. We've seen the return on the investment. We see that Salesforce travelers prefer our brands because we've built that trust."

Asked why it still works, given Salesforce's open booking environment, Shuman is in lockstep with Stonie. "Salesforce still has strong compliance to preferred suppliers, regardless of booking channel. When Marriott provides the right information and the right promotions, it helps the traveler do the right thing. Most people still want to book through the supported channels and utilize preferred hotels," he said, noting the loyalty goes both ways. "Salesforce has done a great job in [collaborating with] Marriott's local markets, as well. The travel team is open when local hotels want to run an initiative. Our hotels feel like they have a closer relationship to Salesforce because they feel the openness from the travel team. Because of that, they can find availability in some tough markets."

WHAT'S NEXT FROM STONIE?

Given Salesforce's presence in high-occupancy markets, sharing economy providers like Airbnb are no strangers to his program. "We're San Francisco based, so it made sense for us, particularly in our highly compressed markets. Also, our travelers were coming to us about Lyft and Uber and Airbnb and wanting to use them, so we looked into insurance, duty of care and how to handle that. They can't stay in treehouses or houseboats, but we wanted to be open to the idea."

It wasn't just travelers coming to Salesforce. New corporate suppliers themselves were inquiring for help, said Stonie. "They asked about our business requirements and what we would be looking for. We were happy to share that information with them, and so it has developed over the years where we were able to mutually benefit each other," he said.

Salesforce is getting better reporting from sharing economy suppliers and even instant notifications from Airbnb about bookings. And now that Airbnb has integrated with several TMCs, including BCD Travel (see page 30), "it's going to give us an extra layer of visibility that we didn't have before."

Based on the work Stonie has done on the Salesforce program and in educating emerging suppliers about how to serve the managed travel industry, Bridgeman suggested he add a fourth pillar to his program mantra: Social. Mobile. Open. *Shared*.

"From the beginning, Salesforce has not been afraid to embrace a new opportunity," Bridgeman said. "Dorian has not been afraid to make these opportunities a formal part of the program and then to share his experiences with those not already using them." ■

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Neffenger Pledges to Boost Security Checkpoint Speed & Efficiency

U.S. Transportation Security Administration administrator Peter Neffenger wants to evolve airport security checkpoints into fast-moving, largely touchless experiences, “transforming a system that hasn’t changed in a long time,” he said at the recent Global Business Travel Association conference.

Scenes at some airports a few months ago—massive, understaffed security lines that caused many travelers to miss flights—stood in sharp contrast to that vision. Those problems came after Neffenger tried to fix problems that pre-dated him, such as banned items getting through security. “We had fewer people than we needed, and they were not distributed in the right way,” Neffenger said. “We had focused so much on finding ways of moving people efficiently through a line, we lost effectiveness.”

Over the past month, the TSA “has dramatically changed the experience for passengers,” making some additional hires and shifting some operating models. Airline, airport and security personnel, for example, are participating in daily briefings in which they report on expected volume and any potential problems, such as a closed lane.

“When you have people talking to you every day, they get better at what they do, and you start to see

Neffenger’s Victories

- **Daily PreCheck enrollment up from 3,000 to 20,000 in the past year**
- **Delta’s \$1 million investment in new security lanes in Atlanta**
- **United debuting new lanes in Newark, L.A. & Chicago**

some dramatic improvements,” he said.

The enrollment rate in TSA PreCheck has increased sharply under his watch via advertising pushes and work with airlines, trade organizations and corporations. A year ago, the program averaged 3,000 enrollments per day. Now, that number is as high as 20,000, he said. “Ideally, I’d like to see everyone in a trusted traveler program, eliminating screening entirely for groups of passengers,” Neffenger said.

“We had focused so much on finding ways of moving people efficiently through a line, we lost effectiveness.”

—TSA ADMINISTRATOR PETER NEFFENGER

Automating more security lanes also is a priority for the agency, which includes cooperation with airlines, such as Delta Air Lines’ \$1 million investment in newly designed lanes in Atlanta, which have improved throughput by 30 percent to 40 percent, he said. United Airlines also is working with the TSA to debut 17 automated lanes in Newark in the fall and to open more in Los Angeles and Chicago later this year, the carrier announced. The lanes will let five travelers fill up bins at the same time, and a conveyor system will return bins to the front of the line automatically, like a bowling alley’s ball-return system.

Automation does more than alleviate traveler stress, Neffenger said. Traveler interaction with TSA agents often is “an adversarial and stressful interaction for both sides, so the more we can move away from that, the better off we are,” he said. In addition, long security lines and crowds in front of checkpoints are security risks, as shown by airport terrorist attacks in Brussels and Istanbul.

The potential of these transformations is what convinced Neffenger to take the job last year, possibly second only to the Internal Revenue Service commissioner as the most unpopular position in Washington. “I’ve had a lot of frustrations with TSA over the years,” Neffenger said. “I thought if I had a chance to fix it, I won’t turn it down.” ■

Delta Gains LAWA & PANY/NJ Approvals for New LAX & LGA Terminals

BY AMANDA METCALF

The Los Angeles World Airports board of airport commissioners approved a lease and license agreement to launch Delta’s seven-year, \$1.9 billion plan to upgrade and connect Los Angeles International Airport

terminals 2 and 3. According to a release, the project will relocate Delta’s gates from terminals 5 and 6 and put the carrier in the same terminal as airline partners Aero-mexico, Virgin Atlantic and Virgin Australia.

Westfield Corp., which is handling retail development in Manhattan’s World Trade Center, will partner on concessions. The project also will include a connector to LAX’s Tom Bradley International Terminal, where partners Air France-KLM, Alitalia, China Eastern and China Southern operate.

The Los Angeles city council and other agencies still must approve the project, LAWA’s lease approval moves Delta closer to Phase One, a \$350 million renovation of gates, support space and passenger amenities and upgrade of the baggage-handling systems. The initial investment also will move airlines from terminals 2 and 3 to Delta’s current terminals.

Delta spent \$229 million in 2015 to upgrade Terminal 5. The airport's \$8.5 billion modernization program, which includes the international terminal, is underway as Los Angeles bids for the 2024 Summer Olympics.

Delta has expanded from 70 daily departures in 2009 to 175, according to a release. This year, it launched five daily flights from LAX to Denver International Airport, a key route for business travelers in Los Angeles, according to Delta. It also added a Seattle route for Delta Shuttle, increased service to New York's John F. Kennedy International Airport, Seattle and Boston and will launch Aspen service in December.

On the East Coast

The Port Authority of New York & New Jersey approved Delta's plan to rebuild LaGuardia Airport terminals C and D. PANYNJ will kick in \$600 million, according to a release from Delta. The carrier will operate 37 gates, all but four with dual-taxi lanes for faster trips to and from the runways. The facility's footprint also will move, allowing more space for the taxiways.

In July 2015, New York Gov. Andrew Cuomo said construction would begin in 2016. Now, Delta says construction will begin as soon as Delta obtains approval from the U.S. Federal Aviation Administration and finalizes the lease with PANYNJ. Delta and the port authority have been discussing a lease term through 2050. The carrier operates 275 departures a day out of LaGuardia's terminals A, C and D, and it will continue to operate out of Terminal A.

In October, The Guide to Sleeping in Airports' annual sur-

vey, quantified what the business travel industry already knew, christening LaGuardia the worst airport in North America; it deemed Los Angeles, the continent's third worst. "Replacing these outmoded terminals is a major step forward in our reimagining of LaGuardia into a 21st-century, world-class airport worthy

of the Empire State," said Cuomo, who announced a larger airport redesign last year.

Delta also opened a new Terminal 4 at New York's John F. Kennedy International Airport in 2013, and in 2015 it added more space and gates in Terminal 4 and made other upgrades to Terminal 2. ■

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Alaska Airlines' Sprague on Virgin America Acquisition

Late last month, Virgin America shareholders approved the company's acquisition by Alaska Airlines, leaving the U.S. Department of Justice's approval as the only remaining major step in the \$2.6 billion deal, which the carriers expect to close in early October.

HOW WILL THE VIRGIN AMERICA ACQUISITION AFFECT YOUR CORPORATE TRAVEL RELATIONSHIPS?

We could not be more excited about what the future holds for our company from a corporate business travel standpoint. There's a lot we can't know yet, because we're still separate companies. Once we start working together on some things, we'll understand the full potential. This is a pro-competitive combination. With all the other consolidations taking place in the industry over the last seven or eight years, the fact that another consolidation would be something that enhances competition feels a little counterintuitive, but that's really the situation. The Big Three and Southwest are so big. The four of them control more than 80 percent of the U.S. domestic market. For all the smaller airlines, it's tougher to go against that scale of competition.

The combination of Virgin America will boost us to being the fifth-largest U.S. airline and will establish our footprint on all of the West Coast in a much more profound way than what we have today. We have had a lot of scheduled utility out of Seattle, and Seattle has a disproportionate share of large companies headquartered there, and so there is a lot of corporate travel. Although we have a great sales team in California and other parts of the country, as well, we haven't had the network offerings for those customers. This notion of combining with Virgin America, having the network strength they have with what we have in the Pacific Northwest, it will be a powerful combination for corporate travelers.

HAVE YOU STARTED WORKING WITH THE VIRGIN SALES TEAM?

We're getting acquainted. We have a lot of respect for them. We have a number of large companies' corporate accounts that overlap with them, and we hear corporate travel managers, what they think of the Virgin sales team, and it's very positive. Our sense is they're punching above their weight class when it comes to penetrating the corporate travel space.

WILL YOU KEEP THE VIRGIN BRAND?

We want to create a platform for growth for Alaska Airlines. It's a little different than previous mergers, where one or both of the merging airlines might have been struggling or



Alaska Airlines' Joseph Sprague talks:

- Corporate business growth post-Virgin America merger
- Service to Cuba
- Deepening codeshares & partnerships
- New premium economy cabins

bankrupt. These are two strong airlines that are doing really well for their customers. We want to make sure all the Virgin customers today feel good about the direction of the combined airline. We have some things we're doing well at Alaska Airlines, but we know there are things about the Virgin experience we can learn from, so we're not in any big rush to do away with the Virgin brand.

WHAT ABOUT COMBINING RESERVATIONS SYSTEMS AND OTHER PLATFORMS?

Aside from the customer-facing elements of the brand, other aspects of the combined airline we intend to streamline and make as efficient as possible. We will move toward a single operating certificate, so all the elements—IT, seniority lists for employee groups—that can be brought into a single entity, we will do.

WHAT'S NEW IN TERMS OF ROUTE GROWTH?

The big news is that the Department of Transportation has tentatively selected us to serve LAX-Havana. That service will start probably late this year [and will be] the only West Coast city to Havana. One challenge for Alaska Airlines is access to the larger, slot-controlled airports, particularly on the East Coast. It was one of things that made the Virgin America combination appealing to us. They had some additional slot access at JFK and Reagan National. Alaska Airlines has gotten the barest of crumbs that have fallen off the table in terms of access to those airports over the years, even though we wanted to have more. Newark is an airport we're particularly interested in. The slot restrictions have been relaxed somewhat at Newark, and you should look for Newark-related news in the very near future.

HOW DO CODESHARES AND PARTNERSHIPS FIT INTO YOUR STRATEGY?

As the Big Three and their global alliances flex their muscles, we want to be relevant in terms of global travel for our customers. The big way we do that is through the Alaska Airlines Mileage Plan. Today, American Airlines is our most prominent U.S.-based partner ... but beyond that we have British Airways and Icelandair for access to Europe. We have Hainan for access to China. Earlier this year, we announced a relationship with Japan Airlines for Japan. We have Korean Airlines for further access and a great partnership with Emirates in terms of India and the Middle East. We're promoting those more than we ever have before. We're starting to work on other elements, like reciprocal elite benefits on some of those partners and reciprocal lounge access, which we now have in place with Emirates. Most of those airlines have relationships with corporate entities in Seattle, so we can create a situation where a Microsoft employee can fly to India and earn Alaska Airlines miles in the process and then, when they want to take their family on vacation to Europe, they can use their miles to fly British Airways or Icelandair. It is somewhat Seattle-centric today, but with the Virgin com-

bination, almost all of our international partners also serve San Francisco and LAX, so we'll be able to extend that effect down the coast.

IS DELTA AIR LINES STILL A PARTNER, AS WELL?

They are technically a partner at this point.

ALASKA AIRLINES USUALLY POSTS ONE OF THE TOP OPERATIONS PERFORMANCES EACH MONTH. WHY IS THAT?

All the employees of Alaska Airlines are very proud of the success. We haven't always been that way. If you go back eight or nine years, we were closer to the bottom than the top. One thing that has been significant over the last several years has been an orientation towards controlling what we can control, really using data to the greatest extent possible. In the daily operation around the airport, we audit hundreds of different data points to understand a flight: when it pulled up to the gate, how fast did the ground crew plug in the power and chock the tires, how much time did it take to bring the jetway over to the airplane, what time did the door open once all those other tasks were completed? We audit that over the course of hundreds of flights each day so we can have an accurate picture of how we're doing. If we're not doing well, we can pinpoint the driver. We didn't have that level of visibility and focus; now we do, and it helps us to stay on top of things.

HOW ARE YOUR NEW PREMIUM ECONOMY CABINS COMING ALONG?

Early 2017 we'll be launching premium economy. It's going to be a nice new feature on our airplanes. We'll be continuing with the first class product, so we'll be able to offer a segmental product that will fit whatever our customers' needs might be. We'll make use of our Recaro [leather] seat. We'll add some pitch and service amenities, and we're excited about that.

DO YOU EXPECT THOSE TO DO BIG CORPORATE BUSINESS?

We're looking at corporate travel policies, whether they allow first class and, if they don't, what other options are available. Right now, elite status customers in our frequent-flyer program can

Alaska Airlines' Network

Alaska wants to support global travel for its customers. Awards miles stack up across the below partners, and the airline is working on reciprocal lounge access and elite member benefits.

American Airlines

British Airways (Europe)

Icelandair (Europe)

Hainan Airlines (China)

Japan Airlines

Korean Airlines

Emirates (India & the Middle East)

use their status for upgrades, but this will create an additional set of options for differentiated onboard experience. We expect this will be very popular for corporate customers.

WHAT ELSE HAVE YOU BEEN DOING TO IMPROVE ONBOARD EXPERIENCE?

We're still the only airline that has 110-volt and USB at every single seat on our airplanes. For corporate travelers in particular, that ability to get off the flight and have your devices fully charged, it's a hugely popular feature. We've done a lot of things over the last couple of years to enhance our onboard experience: the Recaro seat, and we were the launch customer for the Boeing Space Bins, which are much larger and allow about everybody to bring aboard a roller-board bag. We now offer the Gogo Vision product for in-flight entertainment, and on longer flights, we offer a Windows-powered in-flight entertainment device. Food and beverage, we've done a number of upgrades.

HAVE YOU BEEN WORKING ON PRECHECK ENROLLMENT AMONG YOUR CUSTOMERS?

We've done a lot of things over the last few years on our website to promote PreCheck, and earlier this year, we created an option for Alaska Airlines Mileage Plan members to use their miles to defer the enrollment cost. The other thing is to create, in partnership with TSA, essentially PreCheck on-site signups at their offices, so they don't have to go to a special TSA office or the airport. They just come to work and can peel off for however long it takes during a coffee break to sign up for PreCheck. We've signed up hundreds of corporate travelers in Seattle and Portland who weren't previously part of PreCheck. ■

Post-Merger Leadership

Until the carriers obtain a single operating certificate from the FAA, estimated to occur in early 2018, Virgin America senior vice president and CFO Peter Hunt will act as president of the Virgin America subsidiary. He will report to Alaska Airlines president and COO Ben Minicucci, who also will serve as CEO of Virgin America.

Delta Will Launch All-Suite Business Class

BY MICHAEL B. BAKER

Delta Air Lines will offer an all-suite business class on certain long-haul flights beginning next year. A 32-suite cabin, in which each seat is set apart by a sliding, full-height door and privacy dividers between the two center seats, will first appear on Delta's first Airbus A350, scheduled to begin service in fall 2017. Delta has 25 A350 aircraft on order, which largely will serve routes to Asia. For a few years follow-

ing the A350 debut, Delta will install similar cabins on its Boeing 777 fleet.

Senior vice president of global sales Bob Somers said Delta designed the suites following "extensive customer testing, focus groups and research," including with the airline's corporate clients. "Customers said they need to leave the skies rested and relaxed," Somers said. "This offers a more residential feel, where they can sit back

and enjoy the exclusivity of their own suite."

Other features include dedicated storage space, a memory foam cushion and an 18-inch, high-resolution monitor for in-flight entertainment, which Delta said is the largest among U.S. carriers. The airline also will continue to feature lie-flat seats, which it has had on all wide-body aircraft serving long-haul international routes since 2014.

While other carriers have introduced private luxury accommodations, including Etihad's Residence with a personal butler and shower room, Delta's will be the first all-suite business class, according to Somers. The cabin's price point and how it will compare with current business class fares is "under development," he said. ■



Two Virtual Card Payment Options Surface on Concur

BY AMANDA METCALF & JOANN DELUNA

Virtual cards now are among the payment options available to those booking travel on Concur. In each case, travel managers can set controls on the cards' use, and the payment process for travelers is similar to using a credit card.

GraspPAY

Previously, bookers could enter virtual card numbers as they would enter credit card numbers, but they'd have to generate a virtual card number elsewhere first. Now, a traveler who has GraspPAY saved as a payment option within his or her Concur profile can, in one step, generate a virtual card number and apply it. The system also sends a PDF record of the transaction to the traveler and a fax authorization to the supplier.

For air transactions, Grasp Technologies creates a single-use virtual card number that matches the cost of the ticket, and the transaction occurs right away, director of virtual payment solutions Mike Duffy told *BTN*. At the time of a hotel booking, Grasp creates a card whose value matches the estimated value of the reservation; as with any hotel booking, the charge goes through at the time of the trip.

Via its contract with Grasp, Duffy said, a travel management company or travel manager can control whether travelers booking in Concur can use GraspPAY for air, hotel or both. Grasp also works with TMCs and travel managers on other default controls, such as whether to limit hotel bookings to room and tax or to allow padding for, say, parking. Similarly, a manager could enable travelers to book just base airfare or could allow a cushion for baggage fees or a lounge pass. Controls for specific vendors could be down the road, a spokesperson told *BTN*.



Rather than connecting to Concur through a new, custom API, as often is necessary when technologies integrate, Grasp connected to Concur through an existing API, Concur XML Sync, which handles profile-level data like names and card numbers, Duffy said. In other words, according to president and CEO Erik Mueller, Grasp uses the traveler profile as a "gateway to put the card number in there."

Grasp already had done the work to establish API connections to global distribution systems. "We did the GDSs and got that behind us," Mueller said. Now, Concur, a giant among booking engines, represents Grasp's first move into the booking engine arena. The company's decisions on which booking tools will come next will weigh "size and opportunities," he noted, and online travel agencies will be in the mix.

Farther on the horizon, Grasp will look at ways to automate single-use virtual cards as payment options within Web browsers.

HRS

Hotel solutions company HRS, which partners with AirPlus Mobile Aida and American Express' vPayment for virtual cards, will enable virtual card payment through Concur by the first quarter of 2017, HRS head of interface solutions Lyndsey Tufo told *BTN*.

Client corporations will set the controls on the virtual card and the payment option will be noted in the traveler's profile. "When a traveler logs into Concur and they're booking their reservation, it's triggered that it's a virtual card transaction, so the API is called to HRS or to one of our issuers and the virtual card is then passed to the hotel," Tufo explained.

A fax is generated and sent to the hotel, and the traveler will also receive virtual credit card details through the HRS mobile app to show at the front desk or to refax the authorization to the hotel if it's misplaced.

HRS has 120,000 hotel chains and 180,000 independent hotels in its portfolio, all of which accept virtual card payment, according to Tufo. ■

BMO's Biometrics Pilot: Fingerprints & Selfies Rather Than PINs & Signatures



BMO Financial Group North American vice president and head of corporate card products Steve Pedersen spoke with *BTN* about BMO's new biometrics credit card and the chip/EMV transition.

BUSINESS TRAVEL NEWS: IN MARCH, YOU ANNOUNCED A BIOMETRIC AUTHENTICATION PILOT IN CONJUNCTION WITH MASTERCARD USING

FINGERPRINTS AND "SELFIES" FOR SECURITY INSTEAD OF PIN NUMBERS OR SIGNATURES. THE PILOT ROLLED OUT TO SEVERAL HUNDRED BMO EMPLOYEES. HOW IS THAT GOING?

Steve Pedersen: Our soft launch has gone very well and we're going into full production with MasterCard this fall. For all BMO employees using it, we put them through multiple surveys asking how they liked the enrollment process, usage and [if they had] concerns. The results have been great. People love it and they thought it was easy to use.

BTN: CAN YOU TALK ABOUT SOME OF THE CONCERNS OR OBSTACLES USERS FACED WITH BIOMETRIC AUTHENTICATION?

Pedersen: We learned a lot. Some of the questions we got from users I never fully anticipated like, “If I got Botox done, would the selfie still work?” The other thing is that as part of the rollout, the tool leverages MasterCard SecureCode, which is a private code for your MasterCard account that you can use when shopping online and biometrics can replace the need to enter this code at checkout. Depending on a client’s shopping pattern, for example, a small ticket transaction at a larger merchant, the merchant may decide to not prompt for MasterCard SecureCode so the cardholder would not get a biometric prompt. This could cause concern for the user. We are automatically enrolling all customers into SecureCode. Our rollout will include comprehensive FAQs and client education to ensure enrolled cardholders are aware of potential differences in experience.

BTN: BETWEEN SECURECODES AND BIOMETRIC PROMPTS, DO CARDHOLDERS EVER GET ANNOYED AT ALL THE CHECKPOINTS?

Pedersen: We’re using a risk-based approach [with SecureCode vendors]. For instance, Amtrak is a SecureCode vendor. If you’re always taking the train and buying tickets every day and the purchases are within a dollar range, we don’t need to keep bugging you. Once the tool realizes your established pattern, we don’t need to get verification from you because we want to limit the interruption in your daily life. Verification will be needed when [transactions] don’t look right.

BTN: DO BIOMETRICS WORK WITH ALL DEVICES?

Pedersen: Apple has made more inroads than Android because of security concerns. But we’re also working with MasterCard to get a BlackBerry option. BlackBerry is a big Canadian institution, so a lot of businesses in Canada have BlackBerrys. I still have one. I admit it, I’m a dinosaur. I still see it heavily used in Europe, as well.

BTN: WHAT IS THE ANSWER TO THE BOTOX QUESTION?

Pedersen: A lot of the questions gravitate around selfie. What if I have a receding hairline or facial hair? What if I changed to colored contact lenses? The algorithms focus on the T-zone and [the authentication process] takes a bunch of distinct measurements. So facial hair or hair on top of your head wouldn’t make a difference nor would changing to colored contacts. With Botox gone wrong or an accident, selfie pay may require a re-enrollment.

BTN: WHAT DOES THE ENROLLMENT PROCESS CONSIST OF?

Pedersen: We send two emails, one with a link and one with a password. You go to the link, put in the password. As part of the enrollment process the device and phone number go through some quick authentication compo-

Biometric Authentication Rollout

MARCH

Soft launch to hundreds of BMO employees

FALL

Full production with MasterCard

FUTURE POSSIBILITIES

Biometric log in to BMO’s expense management tool and other sites

Credit card with a fingerprint reader

“Some of the questions we got from users I never fully anticipated like, ‘If I got Botox done, would the selfie still work?’”

nents. If the device allows for both [selfie and fingerprint authentication], you can choose which one you want. Some devices don’t have fingerprint [authentication], but they have a camera. The selfie component allows for device diversity as part of biometrics. If you don’t have fingerprint on the device we will go right to selfie for authentication, take picture, boom; it’s quick. The enrollment process took me less than a minute.

BTN: ANY OTHER BIOMETRIC-RELATED THINGS YOU’RE WORKING ON?

Pedersen: We’re considering leveraging biometrics capability to allow people to log in to some of our sites, like our Spend Dynamics [expense management] tool. I don’t know if this will ever go into production, but we’re going to be piloting a biometric credit card with a fingerprint reader on the upper right hand corner of the card itself. It allows for more than one fingerprint to be used and will have full MasterCard PayPass tap-and-pay capability. It’s not new technology, but it’s very interesting and we’re trying to understand if there’s an actual use case. It’s important for us to explore different options. It doesn’t mean they’re going to work, but our customers expect us to look for opportunities that will make the [payment] experience better.

BTN: WHAT PART OF THE EXPERIENCE?

Pedersen: The biggest challenge for most of our customers, and I think it’s an industry phenomenon, is still all of the fraud activity happening in the U.S. Despite all of that, it’s still a relatively slow adoption of chip [technology] within the U.S. at the point of sale. The issuing community has gotten aggressive in getting chip cards out there, but it’s still the retail community that’s very much lagging. That’s still dominating a number of conversations with our customers. Until the U.S. environment gets more militant about getting chip terminals in place, it’s still going to be highly vulnerable to breaches. We don’t see these breaches or anything close to the frequency or size in other jurisdictions. We’re also having interesting conversations over the number of lawsuits that are being raised over chip and signature.

BTN: WHAT WILL IT TAKE FOR THE U.S. TO SWITCH TO CHIP AND PIN FROM SIGNATURE?

Pedersen: The U.K. started as a signature environment and within a couple of years flipped to PIN. I could see the exact same thing happening in the U.S. But it’s going to have to hurt the retail community before they make a change. On the traveler side, it feels like every major hotel chain has been impacted. But think about when you go to a hotel and they take your card. What do they do? They swipe it, still to this day. At some point the hotel industry will have to make the transformation as well. When they do, I will breathe a substantive sigh of relief. ■



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PICTURED FROM LEFT: Roadmap CEO & Co-Founder Jeroen van Velzen, BTN Group Editorial Director David Meyer, Roadmap CCO & Co-Founder Koen Bavinck, BTN Group Editor-in-Chief Elizabeth West, Roadmap CMO & Co-Founder Markus Emmer.



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What an awesome event—truly the best conference from a content perspective I have been to in a very long time. It was great being around such creative, strategic and collaborative people for two days.

- Robert Jacobsen, Senior Manager, Travel, Expense, Card, T-Mobile US

This was my first BTN Innovate conference and I am glad that I attended. I learned from others, shared my knowledge and made new contacts. Thank you for all the effort that went into arranging a successful conference.

- Ellen Moens, Manager, Travel and Administrative Services, CARE

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Sabre's Plan for an Integrated Platform

After some years of inattention, Sabre is putting more budget toward reimagining its corporate travel assets. Sabre has Concur in its sights as it envisions its own “integrated product platform.”

Leading the charge is senior vice president of corporate strategy and traveler experience Clinton Anderson, who joined Sabre in late 2014 after a nearly two-decade run at management consulting firm Bain & Co. Sabre upped by 40 percent its 2016 budget for the portfolio Anderson leads, which includes TripCase, GetThere and Sabre Virtual Payments. Amadeus vet Florian Tinnus joined this month to run the sales and commercial side of the business.

Since last year, Anderson has taken stock of Sabre's corporate product portfolio and “took every single project off our 2016 road map and said we have to get the large stones in the container first and then we'll backfill the small stones and then the sand to get to our 2016 plan,” he said.

One large stone is the core integration to bring “all the booking capabilities of GetThere” into the TripCase mobile environment, he said. To be market ready this year, mobile booking integration will support policy, preferred vendors and negotiated rates; will enable air, car and hotel “and other” bookings; and not only will handle point-of-sale transactions but also will support in-trip cancellations, additions and exchanges.

Anderson views TripCase as the “foundational brand” in Sabre's go-forward approach to the corporate market. Even so, he said, “We still need to keep that GetThere brand relatively vibrant over the next two to five years because across the globe there's going to be many players who continue to use the functionality of GetThere as a booking tool but may choose to use a different itinerary management solution,” said Anderson.

Also cued up for this year are virtual payment capabilities in TripCase by way of the Conferma-backed Sabre Virtual Payments. Additionally, Sabre is launching a TripCase feature to let corporate travelers snap receipt photos. That will play into deeper expense integrations with partners that will come into sharper focus next year, said Anderson. “The only way you win in this is by creating a platform,” he said. “Platform' is a big idea for us because this concept says we have to own some base functionality. For me, that's the core itinerary management capabilities, core booking and the user experience. Payment, expense and a lot of the other travel services aren't core to us. We don't own and control those. We should be looking to third parties to develop those capabilities.”

The plan requires an “open architecture, and then other creative developers and entrepreneurs can write code that delivers services on top of that platform,” he said. Expense providers will be among them. Chrome River is committed to deeper integration, said Anderson, and others are likely to follow. Sabre has partnerships with around a dozen expense operators. Anderson's goal is to link expense so tightly that,

Sabre's Vision

A mobile-focused, corporate offering in a “consumer-grade wrapper” that:

Brings GetThere's booking capabilities into TripCase

Folds in virtual payments

Widens the door to third-party developers

Provides deeper ties to expense partners

as a user, “you open your expense report and everything's already there. Click to approve, make a change or two—because nothing's perfect—hit submit and you're done.”

Sabre has killed a previous tool for managing off-channel spend, its TruTrip product. Yet, Anderson contended that if the user experience is good enough, travelers will be more inclined to use corporate tools. He also viewed deeper payment and expense ties as a way to capture, and manage, greater off-channel data more efficiently.

Anderson said virtual payments and e-wallets are on their way toward maturity. “In the next three to five years, I think we'll stop using plastic credit cards and cash for the most part,” he said. “Being able to capture that data at the point of sale will be a big part of how we're able to manage that spend because when you have data you can control it.”

As Sabre brings booking capabilities into TripCase, it also is making “a pretty significant investment in content,” said Anderson. For corporates, he sees gaps in regional content, airline branded fares and ancillaries, as well as rail. “We're investing heavily to close those gaps, but that will continue into 2017,” said Anderson.

If executed as planned, Sabre's corporate product will have traveled far from what Anderson inherited. “We had some traveler-related tools that I thought were interesting, but, in isolation, not game changers,” he said. “GetThere is clearly a pretty mature tool. It does a lot of things really well and does some things not as well as I'd like.” In the strengths column: global reach, as in GetThere's compatibility in roughly 100 countries and support of more than a dozen languages. Also, its ability to handle corporate complexity with some 3,000 “points of configuration,” said Anderson. That has given GetThere solid penetration among *BTN's* Corporate Travel 100, he said, even if it has ceded ground to Concur.

As for weaknesses, “It hasn't really hit that kind of consumer-grade level experience that people would expect,” he said. “There's lingering frustration.” To Anderson, TripCase hit some “consumer-grade” notes, but it was more “of a vitamin than a painkiller.” Taken every trip, it provided nourishment, but “when you have a migraine headache, you need a painkiller,” he said.

There are competing pharmacists, of course. Concur is chief among them.

“Over the last three years, Concur has done a great job in the marketplace both in terms of the marketing message and in providing an integrated product for both expense and travel,” said Anderson. Yet, he views Concur as a “monolithic” solution and sees demand for “modularity.” He questioned the viability of TripLink, as well as the expense-first firm's dedication to travel.

Balboa Travel COO John Cruse liked Sabre's vision, even if he wished it were implemented years ago. Even so, he welcomed a reinvigorated market for travel booking tools.

Sabre's corporate pricing will continue to focus on transaction fees, which will cover its “core bundle” of services, but add-ons would include “incremental, a la carte services,” according to the company. Sabre's new SafePoint duty-of-care offering, which includes trip monitoring, alerts and messaging, is one such add-on. Sabre is working with iJet as the intelligence partner on the duty-of-care offering. ■

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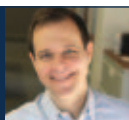
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Amadeus' End-to-End Goal

Just as Sabre is repositioning its corporate travel assets and reinvigorating its push in self-booking, mobile tools and other business travel areas, so too is global distribution rival Amadeus.

The Spain-based travel IT company is looking to grab market share, and mind share, from Concur by integrating existing capabilities to form the basis of an “end-to-end” proposition for the corporate set.

Amadeus has already broadcast plans to stop updating its established e-Travel Management booking tool in favor of the Cytric Travel & Expense system that it acquired from IFAO in 2014. Amadeus also is sitting on mobile travel technologies, itinerary management tools, a duty-of-care offering and content aggregation and search capabilities.

“The marketplace has been shouting for a bit of time: ‘We really want some end-to-end alternatives. We want some competition,’” said Jay Richmond, head of Amadeus’ North American business travel group. “For this purpose, we think of end-to-end as being booking, itinerary management and expense and reimbursement. If you look around at Sabre or Deem or nuTravel or ourselves, we all see the need to have an offering in the market that hits this end-to-end requirement at a high level and that leverages our specific strengths.”

For now, Amadeus is rounding out its Cytric-based offering and migrating e-Travel Management clients.

Amadeus has not firmed the timeline to sunset e-Travel, Richmond said, but teams are working with travel management company partners and corporate clients on individual plans to migrate through the end of next year.

Part of Amadeus’ task is to “identify any specific features or requirements that they’re getting today from AETM and making sure we’re getting all those in a Cytric solution,” Richmond said. “Then a big part of this is making sure there is resource availability from the corporation and the TMC to configure, test, train and then launch this migration from one solution to the other.”

In Europe, from which Cytric hails, migrations are further along. Cytric already had a solid footprint Germany, Austria and Switzerland and was pushing into other markets when it was acquired. “We have some large multinationals already using the platform for many years,” said Amadeus head of global sales for corporate IT Axel Mueller. “We purchased IFAO, and they have an existing customer base. Now we’re adding our own customers on that, and we have the first multinationals that are going live.” In Europe, “the peak of the migration will happen beginning of next year,” he added.

With its acquisition of IFAO, Amadeus picked up an expense reporting system to complement its core booking capabilities. “It’s the new kid on the block,” said Mueller. “At Amadeus, we are not known as being an expense player.”

Indeed, Amadeus’ expense system is “not yet at the global scale that we believe we need the platform to be,” said Mueller. “That’s a key investment area.”

Even so, Amadeus is leading with travel. Executives

Tools in the Amadeus Stack

Cytric Travel & Expense

Its core booking capabilities

Mobile travel technologies

Itinerary management tools

Mobile Messenger duty-of-care offering

Content aggregation & search capabilities

don’t expect to compete with Concur in an expense-only capacity. Not all users will take the expense option. “In our end-to-end strategy, we still support an open approach,” said Richmond, highlighting integration support for duty-of-care providers, expense operators and even competing GDSs or other content providers.

Amadeus may operate a GDS, but the corporate tools are “not just GDS agnostic, but truly channel agnostic,” said Richmond. “We’ve made a commitment as Amadeus to bring in that content wherever it may be.” That includes vendor direct, other GDSs and various other content sources, including hotel aggregators.

The cloud-based Cytric system undergoes updates every six weeks. “On AETM we had three big releases a year. Now, it’s a constant refreshing process,” said Mueller.

Planned updates this year include the launch of a “personal portal” with which users can manage their own profiles, the Microsoft Office calendar integration and “smart search” capabilities.

Richmond said Amadeus is refining search for the corporate market to “curate and optimize” results to better take into account traveler history and preferences.

Amadeus also is exploring new travel booking inputs, including email requests and verbal requests—spoken into a smartphone—to kick off queries.

Meanwhile, no good corporate traveler tool is without mobile capabilities. Cytric makes use of responsive design, bringing compatibility to smartphone, tablet and desktop interfaces.

“We’ve decided to go with responsive design to eliminate any need for installing an app or having asynchronous release of content or functionality,” said Richmond. “Every six weeks, [a Cytric update]

Cytric Travel & Expense “is the new kid on the block. At Amadeus, we are not known as being an expense player.”

—AMADEUS’ AXEL MUELLER

comes out and it doesn’t matter what device you use.”

If a branded white-label native app is your flavor, Amadeus is doing that, as well.

Meanwhile, Amadeus has “a concrete road map to deliver by the end of the year full mobile capabilities and also in the app,” said Mueller. “So, you will have all features that you have on the desktop also on the mobile offering. That means pre-trip approval, search, book, itinerary management and expense.”

Amadeus also has its Amadeus Mobile Messenger duty-of-care offering through a partnership with Charter Solutions International, which offers global risk monitoring. That is yet another potential part of the corporate bundle clients can take—or leave.

As for pricing, there are different models. Amadeus is open to dealing in the longstanding transaction fee model, but also dabbles with some clients on an annual usage-fee basis. Pricing varies based on the bundle of services corporate clients use, said Richmond. ■

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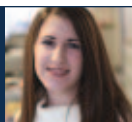
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BCD, CWT & Amex GBT Establish Data-Capture Partnerships with Airbnb

BY JULIE SICKEL

After dabbling in the managed travel space for some time now, Airbnb took a step toward legitimacy by inking agreements with Carlson Wagonlit Travel, BCD Travel and American Express Global Business Travel. Each of the mega travel management companies confirmed plans to enable the capture of Airbnb booking data for traveler tracking and reporting purposes, but they are in different phases of readiness to facilitate Airbnb bookings on behalf of clients. There's no cookie-cutter approach, said Airbnb head of global payments and business travel Lex Bayer.

Carlson Wagonlit Travel

CWT plans to integrate Airbnb listings into its booking portal so corporate travelers will be able to see Airbnb options by Oct. 1. Instead of a one-click process, though, CWT still will kick travelers over to the Airbnb for Business platform to complete transactions.

CWT agents also will be able to book stays on behalf of travelers. "It's going to be really valuable for group travel," Bayer said. "Having a TMC agent booking on behalf of a group of employees will really make that experience more seamless."

In order to make a booking, CWT agents would need to have their own Airbnb for Business profile. It's similar to the process Airbnb launched in June that allows users of its Airbnb Business Travel platform to book on behalf of others within their company.

BCD Travel

At first, BCD will integrate Airbnb data into its Decision Source reporting and analytics plat-



Data Capture: Check. What About Booking?

CWT will put Airbnb listings in its portal by Oct. 1 but will steer travelers to Airbnb to book. Agents will be able to book for travelers but will need an Airbnb profile to do so.

BCD, which is Airbnb's TMC, may incorporate Airbnb into its TripSource booking portal in the future.

Amex GBT may enable agents to book Airbnb for corporate customers in the future.

form, allowing travel managers and security managers to see where travelers are staying.

BCD vice president of product strategy and innovation Torsten Kriedt said safety and security is the biggest issue for mature programs when it comes to alternative lodging providers. "With this feed, we now can track direct bookings as if they booked through us," he said. "We can now say, 'Yes, we can keep our travelers safe because we can track them, we can alert them when something is happening in their neighborhood and we can actually communicate with them because we know where they are.'"

Airbnb is a TMC client of BCD, so the partnership is a natural fit. BCD is conducting quality tests on the back-end data integration. Airbnb, as a BCD client, will be part of that process. BCD is testing and will begin full integration in the next few months.

Kriedt said BCD may integrate Airbnb into its TripSource booking portal. "Given that we are really close partners with Airbnb, there is more to come," Kriedt said.

American Express Global Business Travel

Vice president of global supplier relations Wes Bergstrom also hinted that Amex GBT could take its partnership further, possibly enabling agents to book on behalf of travelers. "We're going to continue to develop additional phases of the program, which will enable greater integration throughout the booking process as we move forward," Bergstrom said.

For now, Amex GBT will refer clients to Airbnb for Business. After a client has signed a contract, Airbnb will provide information back to Amex GBT. Reservation details for each business trip will be shared automatically and can be included in a traveler's itinerary alongside flight and rental car information. Travel managers can access the data through corporate reporting and duty-of-care platforms.

"There has been interest around home-sharing accommodations and Airbnb for quite some time," said Bergstrom. "It was the right time to have this partnership with Airbnb, just based on all the different feedback that we've been getting from our travelers and our clients." ■

Malware Attack on Owner HEI Hits Big Hotel Brands

BY JULIE SICKEL

Hotel owner and operator HEI Hotels & Resorts disclosed that malware discovered on point-of-sale systems at 20 of its hotels may have compromised payment cards used in tens of thousands of transactions.

The Norwalk, Conn.-based company operates hotels for Marriott International, Starwood Hotels &

Resorts, InterContinental Hotels Group and Hyatt Hotels Corp. According to HEI's timeline, the attacks occurred as early as March 1, 2015, at some hotels and lasted as long as mid-June 2016. Some hotels, such as the Sheraton Music City Hotel in Nashville, were compromised for more than a

year, while others were compromised for a few months.

HEI said the malware was located on POS systems in its spas, restaurants and gift shops. The payment card information collected included cardholder names, account numbers, expiration dates and card verification codes. The company has contained and removed the malware and reconfigured the POS systems to prevent future security incidents, according to HEI.

HEI's disclosure follows that of Kimpton Hotels & Restaurants in late July. Similar attacks also have occurred at Hilton Worldwide, Hyatt Hotels Corp., Omni Hotels & Resorts, Starwood Hotels & Resorts and Trump Hotels. ■

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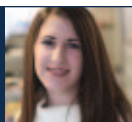
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Hotel Occupancy Flattens Across Global Regions

Europe led the global regions in terms of hotel occupancy and average daily rate growth during the second quarter of 2016, according to STR. But industry results and commentary from second-quarter earnings calls indicate occupancy is flattening out and the pace of average daily rate growth is slowing.

In Europe, occupancy crept up 0.6 percent year over year to 73.9 percent and ADR increased 2.1 percent to €114.33. Asia/Pacific pegged the largest year-over-year occupancy growth, up 1.3 percent to 68.3 percent, but ADR declined 1.1 percent to \$96.95. The Americas region reported a 0.4 percent increase in occupancy to 68.7 percent and a 2.2 percent ADR increase to \$123.88. In the Middle East and Africa, occupancy decreased 5.5 percent to 62.9 percent and ADR fell 3 percent to \$169.99.

Pressures from weak corporate transient demand and geopolitical instability weighed on results during the second quarter, and major hoteliers, including Marriott International, Hilton Worldwide and Hyatt Hotels Corp., revised down their full-year growth projections in revenue per available room.

Europe in Detail

Terror events precipitated declines in travel to Turkey, France and Belgium. In Turkey, occupancy plummeted 23.9 percent year over year to 51 percent and ADR fell 17.2 percent in local currency terms. France, which hosted the 2016 UEFA European Championship from June 10 to July 10, still saw declines in occupancy, 5.5 percent to 68.2 percent, and ADR, 7.5 percent to €138.43. Brussels experienced a staggering 28.3 percent decline in occupancy to 56.5 percent and a 0.7 percent drop in ADR to €114.49. Transient demand for the Brussels market was also down 28.1 percent in the market after the March terrorist attack.

As the United Kingdom's vote to leave the European Union didn't occur until late June, STR analysts said it's "too early to quantify the impact on U.K. hotels and the European hotel industry as a whole." The U.K. saw occupancy decline 0.7 percent to 78.9 percent and ADR rise 1.7 percent to £89.71. InterContinental Hotels Group said continued supply growth contributed to a RevPAR decline in London, in particular. Hilton attributed weak London performance to soft corporate transient demand.

"We expect Brexit and other recent events in Europe to increase uncertainty and potentially hurt demand across the broader region," said Hilton CFO Kevin Jacobs.

Berlin experienced a 1.1 percent increase in occupancy to 81.2 percent, but a 1.1 percent decrease in ADR to €78.72. Yet, Marriott and IHG

"We expect Brexit and other recent events in Europe to increase uncertainty and potentially hurt demand across the broader region."

—HILTON CFO KEVIN JACOBS

characterized Germany as a bright spot for the region overall, with both companies seeing a 9 percent year-over-year gain in RevPAR. Marriott also saw RevPAR increases in Spain, benefiting from tourists who would have gone to the Middle East in the past.

For the first half of the year, Europe reported a 0.7 percent increase in occupancy to 67.6 percent and a 2.2 percent rise in ADR to \$118.31.

Americas

Positive results in North America offset weakness in Latin America and the Caribbean as a result of concerns over the Zika virus in the Americas region during the second quarter.

Occupancy was nearly flat year over year in the region overall (up 0.6 percent to 69.2 percent), as well as in Canada (up 0.4 percent to 67.1 percent) and Mexico (down 0.5 percent to 63.3 percent). North American ADR rose 2.6 percent to \$123.87. In Canada, ADR increased 2.5 percent in local currency terms, and in Mexico, ADR climbed 15.8 percent in local currency terms. In the United States, hoteliers reported positive results in Los Angeles and Atlanta, however, low oil prices continued to weaken performance in Houston.

In Latin America and the Caribbean, occupancy decreased 5.1 percent to 54.1 percent, while ADR rose 5.3 percent to \$89.75. Brazil saw occupancy drop off 7.8 percent to 51.6

Q2 YOY Change in Occupancy / ADR



ASIA/PACIFIC

1.3% / -1.1%



EUROPE

0.6% / 2.1%



AMERICAS

0.4% / 2.2%



MIDDLE EAST & AFRICA

-5.5% / -3%

percent and ADR fall 3.6 percent in local currency terms. Beyond Zika concerns, STR analysts attribute declines in performance to the country's economic downturn and oversupply in the hotel market ahead of the Summer Olympics.

For the first half of the year, Americas occupancy dipped 0.2 percent to 64.6 percent and ADR rose 3.2 percent to \$122.57.

Asia/Pacific

In Asia/Pacific, hotel results were mixed country-to-country during the second quarter. Marriott and Hyatt both saw positive year-over-year rebounds in South Korea after last year's MERS outbreak. Seoul posted a 13.1 percent rise in occupancy to 77.3 percent, but

a 1.3 percent decline in ADR in local currency terms, according to STR.

Hilton and Hyatt reported RevPAR gains between 4 percent and 5 percent in mainland China, with Marriott reporting particular strength in Shanghai and Beijing. In Hong Kong, Hyatt reported strong group business at its hotels, while Marriott saw “modest growth” in RevPAR and Hilton saw a 5 percent year-over-year dip.

In Japan, Hyatt saw negative demand at its hotels, something CFO Patrick Grismer attributed to the strengthening of the yen. Hilton saw a drop-off in transient business in the market. Conversely, IHG said it saw an increase in international visitors and domestic demand, with RevPAR at its hotels in Japan climbing 7 percent year over year. According to STR, Tokyo reported a 2.3 percent decrease in occupancy to 84.5 percent, but an 8 percent ADR increase in local currency.

Australia posted increases in both occupancy (2 percent to 73.4 percent) and ADR (1.8 percent, in local currency), thanks to demand growth outpacing supply growth. RevPAR growth in the transient segment (5.7 percent) has also been moving ahead of the group segment (down 4.5 percent), which is atypical given the slowdown in transient demand around the globe.

For the first half of the year, Asia/Pacific occupancy increased 1.4 percent to 67.4 percent, while ADR decreased 0.4 percent to \$93.55.

Middle East & Africa

Geopolitical instability and low oil prices have challenged results in the Middle East and Africa, but the earlier timing of Ramadan gave a boost to some hotels in the region during the second quarter. Hilton reported an 8.1 percent year-over-year RevPAR increase but is forecasting a decline for its

full-year results. Marriott, meanwhile, saw lower occupancy rates in the region and cited oversupply as a negative influencer in its second-quarter results.

For the first half of the year, Middle East and Africa occupancy fell 4.9 percent to 61.2 percent, while ADR declined 1.9 percent in local currency terms. ■



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Delta Edge Meetings Rolls Meetings into Air Spend

Delta Air Lines has rolled out a new facet of its Delta Edge program. Called Delta Edge Meetings, the program will allow corporate clients both to associate meetings spend with their overall transient spend as part of their total volume and to isolate meetings spend from transient travel spend within Delta Edge reporting. This makes it easier for client corporations to calculate the impact of Delta air travel costs on the value of their meetings. Beyond reporting, Delta Edge Meetings will ensure Delta Edge corporate benefits extend to meeting travelers.

"Since our merger with Northwest Airlines, we've had a very large department that deals directly with meetings: association, corporate, you name it," said Delta vice president of global sales Bob Somers. But for many companies, especially those that do not have corporate travel management or travel procurement staff involved with meetings, individual event contracts do not necessarily dovetail with overall corporate transient travel contracts. The often-fragmented nature of the meeting planning function within an organization can result in lost travel data that should contribute to a corporation's overall travel volume. On the flip side, some organizations leverage the existing corporate contract for meetings travel but fail to get the benefits that a unique meetings contract can provide. According to Somers, Delta Edge Meetings represents the first time an airline has provided a solution for that dilemma.

"Very clearly through the course of our client interactions, they told us we had to attack meetings and that no one had really addressed that yet," he said. "Whether [corporate travel buyers] owned meetings or not, they asked us for a solution that they could display to their organizations so anyone with a meeting planning function could take advantage of it."

Delta Edge Meetings is built into the Delta Edge corporate solution as part of an overall corporate contract.

"[Our clients] told us we had to attack meetings and that no one had really addressed that yet."

—DELTA'S BOB SOMERS

The program automatically provides corporate clients with Delta's best available pricing by comparing Delta Edge Meetings discounts with the company's corporate sales agreement discounts. Under Delta Edge Meetings, meetings travel counts toward fulfillment of the targets under the customer's corporate sales agreement. Additionally, all the corporate preferred benefits like priority boarding, preferred seating and preferred rebooking during trip disruptions extend to meeting travelers, who in some circumstances may not otherwise travel for business or have loyalty status with Delta.

Jennie Ho, managing director of specialty and Canadian sales, spearheaded the program's development. She told *BTN* Delta piloted the program with approximately a dozen companies and that once a meeting is registered with Delta, travelers continue to book through their designated corporate travel channels. "We use a [meeting] identification code, travel dates and destination in the reservation record to identify corporate meeting traffic," she said.

Somers added that in the past, the meeting identifier code and the ticket designator code that identified the traveler's company were not associated with one another. "It required some significant investments, but we figured out how to blend them and build in more simplicity for the travel manager."

From a reporting standpoint, Delta will track meetings travel with the same granularity as transient travel. That includes the "beyond contract value" associated with the corporate preferred benefits. Travel and meeting managers will be able to view air spend in multiple ways: associated with individual meetings, meetings spend as a bundle or combined with transient spend.

"What we are hoping to do is to encourage travel buyers who are not controlling meetings to start. It's in their best interest to capture more of the travel and more of the spend," said Somers. It's in Delta's best interest to capture that, as well.

Asked whether corporations would shift more meetings share over to Delta based on the program, he said, "The trend is toward consolidation with meetings, so we think we are hitting the market at the right time. We built Delta Edge Meetings in collaboration with our clients and with agencies that need to serve our clients." ■

Cvent Second-Quarter Earnings Are Strong as Merger Inches Forward

Cvent posted \$59.6 million in second-quarter earnings, with year-over-year growth at 26 percent. The meetings technology firm grew its Hospitality Cloud earnings 26.7 percent and Event Cloud earnings 25.7 percent. Highlights of the quarter included the firms' largest-ever customer conference, which attracted more than 2,800 attendees, according to Cvent. The tech company also won significant new enterprise and midmarket business, and adoption of its mobile products continued to gain.

On July 12, Cvent stockholders approved the proposal to merge with Vista Equity Partners, which already owns Lanyon, a rival meetings technology firm of Cvent. The U.S. Department of Justice continued its antitrust inquiry into the deal after issuing a second request for information on July 1.

A recent report from The Capitol Forum, which specializes in antitrust issues, identified lack of competition, specifically in the strategic meetings management market, as a sticking point for the merger and

discussed arguments both for and against the deal. According to The Capitol Forum estimate, a tie-up that included Lanyon and Cvent would capture 90 percent of the SMM technology market, giving the merged company an unfair opportunity to raise prices without losing customers. On the other hand, the report presented the argument that the SMM slice of the entire meetings and event management market might not constitute a "sufficiently discrete market for the purposes of merger analysis." It also noted that even if SMM is considered a separate market, the limited competition could be the result of SMM being a relatively new set of tools and that the level of innovation in the industry would eventually produce competing products.

Cvent and Vista Partners hope to close the merger in the third quarter; however, the second request from the DOJ could challenge that timeline. ■

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How Road Warriors Feel About Traveler Friction

BY JULIE SICKEL

While 86 percent of road warriors are satisfied with their travel policies, about half want to travel less in the next two years, according to a recent MMGY Global survey. Eighty-five percent of road warriors would change jobs if it meant the same amount of travel but a better travel policy, and 83 percent said a new employer’s travel policy would be equally important or more important than pay or responsibilities.

MMGY conducted the study, “Traveler Friction: Insights from U.S. Road Warriors,” for Airlines Reporting Corp., American Express Global Business Travel and tClara, surveying 757 business travelers between May 19 and May 28. Respondents were born before 1993, made \$50,000 or more a year, had spent at least 35 nights on business travel during the past 12 months and used commercial airlines or trains for the majority of their trips.

“By understanding this research and having the right technologies in place and partners by their side, travel managers can deliver productive experiences to reduce employee burnout and increase the quality and success of their travel programs,” Amex GBT digital traveler vice president Evan Konwiser said in the release of the study.

The study identified eight traveler friction “symptoms,” of which the average road warrior encounters four, according to the study. One-third experienced two or fewer, while another third experienced six or more.

8 Road Warrior Symptoms

I sleep much better at home than when traveling.

I find it hard to have a healthy lifestyle when traveling.

I worry about the impact of traveling for work on my personal life.

I occasionally get sick or need time off work because I travel so much.

I get afraid during some of my trips.

I often feel extra stress in the days before the trip.

The wear and tear of business travel often causes me to be less effective during or right after my trips.

I find it hard to keep up with my workload while traveling.

When asked how travel policies could be improved, 18 percent selected nonstop flights as their first or second choice, 13 percent chose better or more convenient hotels and another 13 percent requested business class travel on flights longer than six hours.

They consistently reported that adoption of their requests would increase their willingness to travel by 10 percent. They also said it would improve their productivity by 44 percent on average. Sixty-four percent reported it would have a very or extremely positive impact on their willingness to stay at the company.

The study found some level of burnout in travelers at all trip volumes, yet a significant portion of the highest-volume travelers are far from being burnt out. Two-thirds said they’re not anywhere near burnout, while 15 percent are nearly burnt out.

“This study is significant as it quantifies what for so long we’ve intuitively known: that frequent business travel can also be wearing,” said ARC COO and vice president Lauri Reishus. “But what is most interesting is that it’s not trip frequency that matters; it’s the trip quality.” ■

Uber for Business Scales to Larger Companies

BY MICHAEL B. BAKER

As part of an effort to bring larger companies onto its platform, Uber for Business has added three features giving travel buyers extra control over payment and compliance.

Until now, the platform had focused on centralized spend management, Uber for Business head of product Greg Greiner said. Now, employees that travel managers have added to the platform can pay with their individual corporate cards.

In addition, travel managers can mark rides that seem non-compliant. Also, travelers no longer have to contact customer support to change payment to personal credit cards if they charged their corporate card in error.

A third new feature lets buyers designate employees’ managers as reviewers, giving them the ability to watch and flag their employees’ Uber trips. “This makes it easy for the travel manager to scale out Uber for Business and keep the existing paradigms they have in their company,” Greiner said.

All three features are part of an Uber for Business enterprise product the company has been working on for the past few months, making it more scalable to larger companies with more complex travel programs and structures, he said. ■

Uber for Business & Concur’s Partnership

BY ELIZABETH WEST

Expense provider Concur and ride-hailing platform Uber have partnered to offer Uber for Business at no charge to Concur clients. Uber for Business, which offers administrator access to ride and spend dashboards, along with customized permissions and “simple management of unlimited employees,” according to the Uber website, does not disclose its pricing model on its registration site. Instead, it requires enterprises with more than 100 users to contact a representative.

With the new integration, scheduled to go live in the fourth quarter, Concur clients will be able to set up Uber for Business enterprise accounts more easily, presumably by importing data from Concur profiles. They also will be able to access Uber’s administrative features and configure payment through either a central card or with individual corporate cards. Travelers will benefit from automatic expense report population.

Uber usage has grown nearly 230 percent in the past year, according to Concur president Elena Donio. “With this integration, we expect to see that growth accelerate as we help companies leverage the benefits of Uber as part of their travel program,” she said, noting that companies with \$1 million in ground transportation spend would stand to save “hundreds of thousands” by shifting more share to Uber. ■

Premium for Close-In Flights & Short Stays Is Decreasing

BY MICHAEL B. BAKER



The premium paid on airfares booked close to the departure date kicks in significantly only within two days of the departure date, according to Airlines Reporting Corp. After analyzing more than 27 million tickets to the top 15 business destinations, sold by more than 2,000 corporate agencies, ARC found that those bought within three to seven days of travel had a premium of only 7 percent, about \$47, compared with tickets bought at least two weeks in advance. For tickets bought two

“Corporate travel managers can have some increased flexibility to meet their travelers’ needs without making such a huge dent in their travel budgets.”

—ARC’S CHUCK THACKSTON

or fewer days before travel, that premium jumped to more than 50 percent, about \$250, according to ARC.

ARC’s study also found that the premium on round-trip airfares for short stays also has decreased. The study compared lengths ranging from one to four nights, mostly excluding Saturdays to keep it business travel-focused. While fares for stays of one and two nights had a “noticeable difference” compared with stays of three or four nights, the premium on those tickets has dropped 80 percent compared with 2014.

“Some of the assumptions of the past, such as, ‘Longer trips will save significantly on airfare,’ are no longer true,” according to ARC managing director of enterprise information Chuck Thackston. “Additionally, with the findings related to advance-purchase windows, corporate travel managers can have some increased flexibility to meet their travelers’ needs without making such a huge dent in their travel budgets, especially for last-minute and short-duration trips.” ■

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Deem Plans to Build Go-To App for Travelers, TMCs & Travel Managers

BY MICHAEL B. BAKER

With a new leadership team in place, Deem is honing its focus on its core travel, expense and ground transportation offerings, president and COO John Rizzo told *BTN*.

The company has a long history of reinvention and name changes, but this newest reset “narrows Deem’s focus back to its beginning,” said Rizzo, who joined Deem from software company SolarWinds in April. Recent leadership appointments include familiar faces and “traditional Silicon Valley people,” he said.

“Even though we’re not a start-up, I’m trying to create a start-up-y feel for a company that’s been in business for 15 years and has a lot of domain expertise,” Rizzo said. “That’s why we went through this fairly aggressive program to refresh the leadership team.”

While the company is still getting a handle on its vision and strategy, “innovate in travel” will be at the forefront, he said. “I don’t think, from a technology perspective, the market has gotten to a point where there is a de facto standard for a great app that a traveler uses while traveling or a travel management company uses while booking travel or a corporate travel manager uses to inspect travel,” Rizzo said. “What we’re trying to do over the next five years is build a platform allowing each of those constituents to view the Deem technology as best in class.”

Recent moves include partnerships to improve international travel bookings, something the company did not focus on during the period when its ambitions were broader, he said. In July, the company partnered with hotel booking portal HRS to access its thousands of hotels that aren’t available through global distribution systems. It also expanded its partnership with rail content provider SilverRail, gaining broader coverage in international markets.

Deem also renewed its multiyear agreement with American Express Global Business Travel, though Amex GBT will offer some “additional innovation,” according to Rizzo.

Deem Stacks New Executive Team with Tech Vets

Tom Allen joins the company as senior vice president and chief technology officer. He has worked at Visa International, Trimble and @Road.

David Shiba joins from VerticalResponse and will be senior vice president and CFO. He’s also worked for Satmetrix, Informative, Travelocity and Arthur Anderson.

Chethan Visweswar becomes senior vice president of software, joining from Coupa. He previously worked for Deem for eight years and has worked for Merced Systems and HP.

Peg Wynn is now senior vice president of HR, following roles at Telenav, Qualcomm, Adobe Systems, Xilinx and Intel.

Tony D’Astolfo rejoins as senior vice president and chief commercial officer.

Ground Transportation Plans

On the ground transportation side, Deem will relaunch the cloud-based reservation and dispatching tool it gained when it acquired Whisk. Deem has stored info on its servers for about a decade, and the two systems will complement each other, making implementation easier for suppliers, he said. The goal is to “put traditional car service operators on the same level in a cloud that Uber and Lyft offers to their customers,” Rizzo said.

“All that [PNR] data is sitting in our system. That’s something Uber & Lyft can’t do.”

—DEEM COO JOHN RIZZO

Ultimately, Deem seeks to develop an application “offering the best of both worlds” in both on-demand and short-lead-time ground transportation bookings, as well as traditional car bookings. He adds that the app will benefit from Deem’s extensive collection of data. “We process an enormous number of PNRs for travelers, and all that data is sitting in our system,” Rizzo said. “That’s something Uber and Lyft can’t do, to the extent that we are aware of flight changes happening and can provide that data to car service operators. There are a lot of things we can do that can help provide a level of convenience to the travelers.” ■

D’Astolfo on Deem in the Post-Grady Era

Tony D’Astolfo has unfinished business. And so, he returns to Deem as chief commercial officer to oversee sales, marketing and customer relations as part of the San Francisco-based travel tech company’s latest reinvention.

This year, Deem took on new capital from Point-Guard Ventures and Hony Capital, said goodbye to founder and CEO Patrick Grady and put in a new leadership core. The realignment augured a leaner and more focused Deem, prompting headcount cuts and a renewed focus on travel, expense and ground transportation assets, as

president and COO John Rizzo discussed in April.

Deem’s reengagement with the travel business that D’Astolfo helped build is drawing him back. “I think for many years they were distracted by a bunch of other initiatives that pulled them away from their core strength, which was building innovative core travel products,” D’Astolfo said.

Indeed, Grady for a decade-and-a-half oversaw major funding rounds, strategy pivots, various product forays and identity changes. To illustrate, when D’Astolfo left the company in December 2011, it was called Rearden Commerce and was

chasing the daily-deals craze with its acquisition of HomeRun. The deal was anything but. “The market was confused by the direction of the company,” said D’Astolfo. “Quite honestly, it was one of the reasons that I left. I didn’t think the company’s direction was the right direction. Now, it’s about refocusing and getting back to the core.”

Since 2013, D’Astolfo had been managing director of travel research and events firm Phocuswright, which, like The BTN Group, is owned by NorthstarTravel Group. —Jay Boehmer

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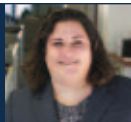
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Partnership Travel Consulting Bundles Yapta, CTS & Fare Audit Hotel Tools

BY JULIE SICKEL

Partnership Travel Consulting is teaming up with CTS Systems, Fare Audit and Yapta for its new HotelroomRx solution to offer clients hotel compliance, rate integrity and commission management services.

Though corporates have long had the ability to sign up with the three technology providers individually, HotelroomRx now gives PTC clients the opportunity to access them as a bundle. “They’re mutually complementary,” said PTC founder and CEO Andrew Menkes, “each one focusing on the hotel segment but each one addressing a different part of it.”

As part of the module, Fare Audit will audit the hotel-rate-loading process, catching incorrectly loaded rates, rate squatters and properties not honoring last room availability. It also will suggest comparable preferred rates on noncompliant bookings. Yapta’s RoomIQ technology will find lower rates for travelers at the same property and will lend its data analytics and benchmarking information to HotelroomRx. CTS will track commissions on non-net rates.

Menkes said PTC is serving as the technology aggregator, taking on the implementation costs that typically would be charged by the technology providers. “There are some economies of scale for us to do three vendors for one client. Those suppliers pay PTC a reseller fee for doing the work on their behalf, so it’s the same price for the customer.”

Additionally, PTC will use the data provided by each of the technology partners to advise clients throughout their hotel season. ■

“They’re mutually complementary, each one focusing on the hotel segment but each one addressing a different part of it.”

—PARTNERSHIP TRAVEL CONSULTING CEO ANDREW MENKES

FCM Gives SmartSUITE a Tech Upgrade

FCM has added four products to its SmartSUITE platform.

SmartTRACK scans global distribution systems every 15 minutes for unused e-tickets and monitors them until they’re exchanged or used. It also can track non-GDS tickets and sends expiration notices.

SmartPAY assigns a 16-digit virtual card number to a transaction, matches the payment amount to the booking amount and submits to the supplier. It requires travel managers to set up a virtual card pool with a banking partner that can integrate with the system or to use eNett’s prefunded option, which earns 5 percent back on each month’s volume.

SmartRATE uses tripBAM to monitor fluctuating hotel rates and compare them based on customers’ pre-set rules. FCM rebooks automatically.

SmartFARE uses Yapta to shop for lower fares based on travelers’ rules. FCM can then rebook and use either the corporation’s negotiated rates or FCM’s.

—Amanda Metcalf

Expensify’s New Price to Beat Benchmark Feature Incentivizes Low Spending

BY JOANN DELUNA

Expensify is beta testing a feature that notifies users when the flight, hotel, and car rental bookings they’ve made fall above or below the average price of similar bookings made that day. A “couple hundred” Expensify clients are using the tool, called Price to Beat, but the expense management provider hasn’t set a specific rollout date as “there are still weaknesses,” according to founder and CEO David Barrett.

Travel managers can enable Price to Beat under the Travel tab of the Expensify platform and can adjust settings like hotel star ratings, type of car and flight class based on company policy. Bookings can be done on any booking tool as long as travelers or travel arrangers who book outside the company’s preferred tool forward travel details to Expensify within 24 hours. That window maintains the tool’s ability to accurately compare prices to other

trips booked that day, Barrett explained.

Price to Beat is most effective for hotel bookings, as most hotels allow cancellations at no fee, and thus rebookings, until just before the trip, Barrett said. The feature “obviously is weak when it comes to airline reservations because you’ve already made a purchase and there are change fees,” Barrett said. “The advantage of getting [the trip price] before booking is that you know it before you make decisions. That’s great, as it gives you the most control over the booking process, but it requires a change of behavior [for the traveler].”

For now, “the expectation of Price to Beat is not that users will cancel their booking and rebook a more affordable option, although they certainly can choose to do that, but rather to encourage employees to learn to be more cost aware when spending their

company’s money on travel,” an Expensify spokesperson said.

Expensify plans to add rail to Price to Beat, as well as a feature that would allow travel managers to request budgets before booking, according to Barrett.

“The expectation of Price to Beat [is] to encourage employees to learn to be more cost aware.”

—EXPENSIFY SPOKESPERSON

Expensify is also testing Rewards, a feature that allows travelers to keep a portion of the money saved when they choose lower-cost travel options. ■



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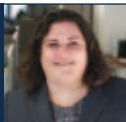
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JetBlue: Mint Growth & Potential Europe Service

BY MICHAEL B. BAKER

JetBlue will expand its premium Mint offering and could begin service to Europe via an amended purchase agreement with Airbus, executives said during an earnings call.

Under the new agreement, JetBlue will take delivery of 30 A321 aircraft over the next seven years. These include five A321neo aircraft outfitted for Mint in 2017 and 10 more, most of them including Mint, to follow, according to JetBlue. In 2020, JetBlue will begin taking delivery of 15 A321neo aircraft and can choose whether to outfit them with Mint or make them all-economy; the carrier also has the option to configure them as long-range aircraft.

That “could be the leap allowing us to leverage our relevance in the East Coast focus cities and launch service in Europe,” executive vice president of operations Marty St. George said, although the carrier has not committed to doing so.

In the nearer term, JetBlue executives expect adding Mint service will strengthen its position on transcontinental routes.

Altogether, JetBlue plans to add 14 new Mint aircraft in 2017, bringing its total Mint fleet to 31. Most immediate, JetBlue will launch daily Mint service between Los Angeles and Boston in October, president

and CEO Robin Hayes said.

The premium cabin has attracted corporate clients to JetBlue, and unit revenue on Mint routes has grown 20 percent since Mint was launched in 2014, the carrier reported. In the first half of this year, unit revenue on Mint routes grew even as overall unit revenue de-

“Mint has stimulated demand. ... We believe it will help us to become the carrier of choice in trans-continental markets.”

—JETBLUE CEO ROBIN HAYES

clined, according to Hayes.

“Mint has stimulated demand ... and we anticipate Mint will prosper in other long-distance city pairs,” he said. “We believe it will help us to become the carrier of choice in transcontinental markets, and the timing is right to make this disruptive move.” ■

Lufthansa Calls Distribution Strategy a ‘Success’ as Direct Bookings Grow

BY JAY BOEHMER

Lufthansa Group chairman and CEO Carsten Spohr told investors that the airline group’s controversial distribution strategy, which includes a €16 surcharge on global distribution system bookings, “is a success.” The company reported the share of direct bookings, such as those made via group airline websites, rose 25 percent year over year for the first half of 2016. Lufthansa implemented its distribution cost charge in September 2015. “On the distribution strategy, I think we are aligned with our forecast expectations,” Spohr said. “We continue to see a neutral impact from execution of DCC on the bottom line.”

Since enacting the charge, Lufthansa executives have downplayed its impact on the company’s business, while other players, including GDSs and agencies, have offered figures and statements suggesting the airline group has lost booking share. Spohr acknowledged that Lufthansa is “giving up some bookings,” but he was pleased with the growth in direct bookings and related income. Meanwhile, Spohr said Lufthansa’s distribution cost charge has offset its higher GDS costs.

The airline group’s earnings report disclosed “higher expenses for computerized distribution systems,” up €63 million year over year during the first half of the year.

Lufthansa has reverted to higher booking fee pricing with GDSs ever since it stopped participating at the highest levels in those channels last year. GDSs often trade booking fee discounts for access to airline full content, as well as other contractual provisions, such as GDS surcharge prohibitions.

The contrarian airline group initiated its distribution cost charge to cover its higher GDS costs and gain new freedoms, including the right to surcharge.

In Spohr’s view, the boost in direct bookings “shows that we have achieved what we have intended to achieve: more freedom, more innovation on the distribution side and more direct contact between us and our customer.”

Spohr told investors that more direct interactions with customers “means that we can offer customers more personalized services. Customers have more options, and we benefit from higher income.” He said Lufthansa is investing in its digital in-

frastructure to enrich such interactions with customers.

Lufthansa’s half-year report also indicated that “the new sales strategy defined last year is starting to pay off,” and that the distribution cost charge “has been accepted by the market.” It said, “Negotiations on direct bookings with customers, tour operators, travel agencies and technology providers are delivering a steady stream of successes. Demand has also increased for complementary services, such as upgrades, baggage services, hotels, rental cars and insurance.”

Distribution issues aside, Lufthansa warned of a weakened demand environment for its passenger airline business. The group’s traffic revenue declined 4.9 percent year over year to €6.4 billion during the second quarter amid a 1.1 percent drop in traffic. Capacity was up 2.2 percent year over year, and passenger load factor declined 2.6 percentage points to 77.7 percent. Yield declined 2.7 percent. The Lufthansa Group reported a net profit of €437 million for the quarter, down from €529 million in the second quarter of 2015. ■

CONTINUED FROM FRONT PAGE

Q2 U.S. Airline Earnings

In terms of operations, the quarter was a strong one for United. On-time performance rose 11 percentage points year over year, and the carrier ranked either first or second among the four largest U.S. carriers each month, according to United. The past six months also have been United's all-time best for both on-time arrivals and baggage handling, president and CEO Oscar Munoz said in the earnings call. "We are now consistently performing at the level that we and our customers expect of us," he said. "Our focus has shifted to maintaining this level of reliability while doing so more efficiently."

United reported a net income of \$588 million in the second quarter, down from \$1.2 billion a year prior.

Delta

Delta's operating revenue declined 2 percent year over year, a drop of \$260 million. Capacity increased 3.2 percent year over year, and traffic increased 3 percent, causing its load factor to dip 0.1 percentage points to 75.5 percent. Yield declined 4.7 percent.

The carrier also is expanding the presence of its Basic Economy fare, a no-frills fare that allows no refunds, changes or advance seat assignments. Delta has introduced the fare to cover about half its domestic revenue base and plans to have full domestic coverage by sometime next year, Bastian said. Delta has introduced Basic Economy to more than 50 international markets, as well, and expects to expand to all Delta markets by 2018.

Delta reported a net income of \$1.5 billion for the second quarter, up 4 percent from a year prior.

American

Corporate revenue declined 1 percent year over year, but total operating revenue declined 4.3 percent to \$10.4 billion, "so it's obviously outperforming the rest of the system," American Airlines president Scott Kirby said on an earnings call. "We have a lot of low fares in the markets, so they're getting a deal right now."

Executives said Brexit should not impact the carrier substantially in the short term. Currency effects have caused a hit, as about 4 percent of American's revenue is sold in the British pound, but booked revenue rebounded to pre-Brexit levels in the month following the vote, Kirby said. "Longer term, the issue is going to be what happens with the U.K. economy and with the banking industry in particular," he said. "Near-term, I don't anticipate a lot of issues."

The carrier also has deferred delivery of 22 Airbus A350 XWB aircraft from spring 2017 to 2018.

American increased capacity 1.2 percent year over year during the quarter, and traffic increased 0.6 percent. The carrier's load factor declined 0.5 percentage points to 82.9 percent, and yield declined 6.4 percent. The deferral will reduce capital expenditures next year and "provides capacity flexibility," according to American.

The company reported net income of \$950 million during the quarter, down from \$1.7 billion in the second quarter of 2015.

Southwest

Southwest Airlines reported strong corporate travel demand in the second quarter, but yields were down as the carrier sees more discounting closer in to flights.

Passenger revenue increased 1.1 percent year over year to \$4.9 billion, and total operating revenues increased 5.3 percent to \$5.4 billion, a quarterly record. Southwest's traffic increased 6 percent during the quarter, and capacity increased 4.8 percent; the carrier's load factor increased a percentage point to 85.6 percent.

Yield, however, declined 4.6 percent, and average passenger fare declined 3.7 percent to \$151.67 during the quarter.

"Traffic and booking trends remain strong, but the fare environ-

ment continues to be a challenge," Southwest CFO and executive vice president Tammy Romo said in the carrier's earnings call. "We're seeing heavy discounting of fares close-in, which has softened in recent weeks."

Southwest reported a net income of \$820 million for the quarter, up from \$608 million in the second quarter of 2015.

JetBlue

JetBlue's total operating revenue increased 2 percent year over year to \$1.6 billion. Passenger revenue declined 0.6 percent, but other revenues were up 35.2 percent, thanks in part to its new fare structure implemented last year. Corporate revenue declined during the quarter but at a lower rate than in the industry overall, indicating a growing corporate business share, St. George said.

Traffic increased 10.3 percent during the quarter, and capacity increased 11.1 percent, contributing to JetBlue's load factor dropping 0.6 percentage points to 85 percent. JetBlue's average fare declined 8.8 percent to \$153.94, and yield declined 9.9 percent.

JetBlue reported a second-quarter net income of \$180 million, up from \$152 million in the second quarter of 2015. ■

Q2 Load Factor

Southwest

85.6%

JetBlue

85.0%

United

83.5%

American

82.9%

Delta

75.5%

Plus a Canadian Carrier

WestJet reported double-digit revenue growth from corporate accounts, although passenger revenue dipped year over year in the second quarter.

The carrier is still in the early days of corporate business penetration outside its home market of Alberta but is "seeing a lot of traction" in building overall corporate business, executive vice president of commercial Bob Cummings said in WestJet's earnings call. The energy-heavy Alberta market, however, continues to contract. During the quarter, passenger revenue declined 1.8 percent to C\$814.4 million, and overall revenue increased 0.8 percent to C\$949.3 million.

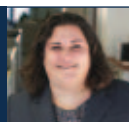
The carrier's new service to London's Gatwick Airport, which began in May, has been "running at a completion rate of 100 percent" and with above-average load factors, according to president and CEO Gregg Saretsky. "That bodes well for potential new expansion of this line of business," he said.

WestJet announced it would add "dozens of new flights," both domestic and international, in its winter schedule. Among those are new service between Regina, Sask., and Orlando and several new flights from Toronto to destinations including Ottawa, San Jose and Vancouver.

Capacity increased 6.9 percent year over year during the quarter, and traffic increased 10.6 percent, bumping WestJet's load factor up 2.7 percentage points to 80.8 percent. Yield declined 8.9 percent during the quarter.

The carrier reported net earnings of C\$36.7 million in the quarter, down from C\$61.6 million in the second quarter of 2015.

—Michael B. Baker



Guest Satisfaction at North American Hotels Is Plateauing

BY JULIE SICKEL

Free Wi-Fi, complimentary breakfast, premium bed linens—these things that used to be considered perks are now table stakes for hotel guest satisfaction. That may be why customer satisfaction is reaching a plateau, according to J.D. Power.

The J.D. Power 2016 North America Hotel Guest Satisfaction Index Study recorded an overall satisfaction score of 806 on a 1,000-point scale. Though that's two points higher than last year's score of 804 and the highest in the study's 20-year history, the year-over-year rise is significantly lower than in previous years. For instance, last year's score increased 20 points, and the 2013 score rose seven points from the previous year.

"Customers have responded well to the enhanced offerings provided by some hotel brands to create value, but as those perks become standard, customers are quick to ask, 'What have you done for me lately?'" J.D. Power global travel and hospitality practice lead Rick Garlick said in a release of the study.

The study also concluded that while satisfaction is higher among members of hotel rewards programs than among nonmembers, younger guests are less likely to be members than older guests. Fifty-six percent of Gen X guests and 66 percent of Baby Boomer guests belonged to a rewards program, while only 39 of Gen Y guests did.

The study, based on responses from more than 63,000 guests in Canada and the United States who stayed at North American hotels between June 2015 and May 2016, determines satisfaction through seven factors: reservations, the check-in/check-out process, rooms, food and beverage services, hotel services, hotel facilities and cost and fees.

Brand Results

In the luxury tier, Marriott International's Ritz-Carlton earned the highest satisfaction score of any hotel in the study's history, 892. Four Seasons Hotels (882) and JW Marriott (874) also earned top scores for the luxury tier. Grand Hyatt (851) and W Hotels (852) scored lowest in the tier. "Despite luxury hotels typically being the most expensive, this segment has been able to show guests that they're providing additional value, which is clearly resonating," said Garlick.

"As those perks become standard, customers are quick to ask, 'What have you done for me lately?'"

—J.D. POWER'S RICK GARLICK

Omni Hotels & Resorts led the upper-upscale tier for the second consecutive year with a score of 856. Other high rankers included Kimpton (855) and Hyatt (845). Delta (817) and Sheraton (816) scored the lowest in the segment.

Hilton Garden Inn (844) topped the upscale tier and SpringHill Suites (843) followed close behind. Aloft Hotels (812) and Four Points by Sheraton (809) took the bottom slots.

In the upper-midscale segment, Drury Hotels for the second consecutive year earned the highest score, 871, which is 22 points above any other brand in the segment. Other high scorers in the tier included Hampton by Hilton (849) and Fairfield Inn & Suites (834), both mainstays at their positions for the third and second consecutive year, respectively. Ramada Plaza (787) and Clarion (784) scored lowest.

Wingate by Wyndham (834) scored highest in the midscale segment for its second consecutive year, followed by AmericInn (819). The lowest scorers in the tier were Quality Inn (769) and Ramada (765).

In the upscale extended-stay tier, Hyatt House (856) earned the highest score among upscale brands after scoring lowest last year, while last year's top scorer, Homewood Suites by Hilton (843) fell to last place. In the midscale extended-stay tier, Home2Suites by Hilton (863) scored highest while Extended Stay America (730) earned the lowest score.

In the economy tier, Microtel Inn & Suites by Wyndham (779) received the highest score for the fourth consecutive year. Americas Best Value Inn followed well behind in second with a score of 756. The lowest-scoring economy brands were Knights Inn (689) and Rodeway Inn (674). ■

Accor Brushes Off Q2 Results for the Long Game

BY JULIE SICKEL

AccorHotels, like other hoteliers, saw somewhat lackluster growth in terms of average daily rate and occupancy in the second quarter. Yet, the company remains optimistic about its overall business, which is becoming more diversified.

Second-quarter occupancy remained flat year over year at 69.3 percent, while ADR increased 1.7 percent to €81. Overall revenue increased 2 percent year over year on a like-for-like basis to €1.4 billion. During Accor's earnings call, CFO Jean-Jacques Morin said that within five years, 30 percent of Accor's revenue would be generated from areas where it's not generated today. That's the endgame of the investments Accor has made beyond its hotels.

Last year, the company started adding select independent hotels to its online marketplace. Morin said there are now 1,600 independent hotels on the platform. And now Accor has acquired an 80 percent stake in Paris-based high-end concierge service provider John Paul for \$150 million. That transaction builds on Accor's purchase of Onefinestay in April, its investments in Oasis Collections and Squarebreak in February and its acquisition of FRHI in December. Accor plans to invest an additional €64 million in Onefinestay to fuel the company's international development.

Accor's purchase of FRHI, parent company to Fairmont, Raffles and Swissotel brands, closed on July 12. Hotels in North America, Latin Amer-

ica and the Caribbean now make up 13 percent of the Accor's global portfolio, up from 10 percent before the deal. Its Americas portfolio now stands at 367 properties comprising 74,313 rooms. With 27,461 rooms on the way, Americas inventory comprises 16 percent of Accor's global development pipeline.

COO for North and Central America Kevin Frid told *BTN* that while many acquisitions are about folding one company into another, the Accor-FRHI deal is more of an "add-on" that will retain the talent from FRHI and grow Accor's North American footprint. Frid said Accor plans to move its North American headquarters from Miami to Toronto, FRHI's hometown. ■

Marriott Sees Gains in Q2 but Weak Corporate Sales

BY JULIE SICKEL

Marriott International reported year-over-year gains in average daily rate and occupancy during the second quarter. Yet, ongoing softness in corporate travel drove the company to revise guidance for full-year growth in revenue per available room down to 3 percent, from the previous range of 3 to 5 percent.

In Marriott's earnings call to investors on Thursday, CEO Arne Sorenson said room sales for the company's nearly 300 largest corporate customers have gradually weakened, "from 4 percent growth year over year in the fourth quarter [of 2015], to 2 percent in the first quarter and less than 1 percent in the second quarter."

Hilton Worldwide and Extended Stay America have reported similar patterns in corporate travel for the quarter.

"Obviously the strength of the economy is the biggest question ... in terms of forecasting how we're likely to perform in the coming quarters," Sorenson said. "A quarter ago, we

Chinese Regulators Delay Mar-Star, Again

Marriott and Starwood Hotels & Resorts have agreed to extend the period of Chinese regulatory review for their planned merger at the request of the Chinese Minister of Commerce. The extension could last as many as 60 days. China is the only country yet to clear the planned merger, and its approval has already delayed closure of the transaction, originally projected to occur in June. Sorenson anticipates integration will take two years after the deal closes.

had an overly rosy view about the strength of GDP in the United States particularly." Strong group performance and discounted leisure business "picked up the slack" for the company in the second quarter, he said.

Also weighing on results in the United States is the recent strengthening of the dollar. Sorenson estimated the number of room nights occupied by international guests at hotels in New York and Miami declined by 10 to 15 percent year over year during the quarter. "For the U.S. as a whole, the number of international guests in our hotels declined by roughly 3 percent," he said.

Systemwide occupancy rose 0.8 percentage points to 77.1 percent, while ADR increased 1.9 percent to \$154.25. Overall revenue increased 6 percent year over year to \$3.9 billion. ■

Hilton Reins In Expectations After Weaker Q2

BY JULIE SICKEL

Hilton Worldwide is "tempering expectations" for revenue growth for the remainder of the year after weak corporate transient business hindered results in the second quarter.

During the company's quarterly earnings call this week, CEO Christopher Nassetta said Hilton now expects systemwide full-year growth in revenue per available room in the 2 percent to 4 percent range, down from the 3 percent to 5 percent RevPAR range provided during the company's first-quarter earnings report.

Nassetta said in spite of the forecasted pickup in corporate transient following the first quarter, world events, such as the United Kingdom's referendum to leave the European Union, have contributed to increased uncertainty around the globe. Heading into corporate request for proposals season, Nassetta said Hilton is in a less favorable position than last year, but the company still anticipates rate growth.

"[Corporates with negotiated rates] are maybe 20 percent of the corporate business, 10 percent of the overall business," Nassetta said. "I do think in a weaker environment it's going to be tougher to push rates and I think that last year we were all sort of in the mid-single digits and...our objectives were mid to high-single digits. I think this year we're not there, but likely it's

going to be in mid-single digits."

Second-quarter occupancy inched up 0.1 percentage point year over year to 78.9 percent, while average daily rate rose 2.7 percent year over year to \$146.52. Systemwide revenue grew to \$3.1 billion, up from \$2.9 billion last year.

Hilton cleared 24,000 new rooms for development during the quarter. Its pipeline stands at 1,822 properties comprising 288,000 rooms. The company's newest brand, Tru by Hilton, has a pipeline of 120 hotels comprising 11,000 rooms. The first is expected to open early next year.

Regional Performance

In the United States, the west coast served as a bright spot for Hilton, with RevPAR in Los Angeles increasing 16 percent year over year, but Chicago, Houston and New Orleans all saw weaker results during the quarter. Growth in inbound travel from China, the United Kingdom and Japan offset a decline in inbound travel from Canada and Brazil.

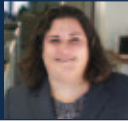
In the Americas outside the United States, political and economic instability, as well as fears from the Zika virus, impacted regional demand. Brazil should get a bump in occupancy and rate growth in the third quarter as a result of the Olympics.

In Europe, occupancy decreased 2 percentage points year over year to 76.1

percent, but ADR increased 2.3 percent to \$145.02. Geopolitical worries and terrorist attacks decreased travel demand into Turkey and Belgium. Weaker corporate transient demand impacted hotels in London. Germany and the Netherlands outperformed the rest of the region thanks to strong group business and increases in ADR. "Going forward, we expect Brexit and other recent events in Europe to increase uncertainty and potentially hurt demand across the broader region," said Hilton CFO Kevin Jacobs.

In the Asia/Pacific region, the recent earthquakes and soft transient business dragged on performance in Japan. Conversely, China is seeing positive results from new hotel openings. The region overall saw ADR dip 1.9 percent to \$142.33 and occupancy increase 3.7 percentage points to 69 percent.

The shifting of Ramadan provided a 21.1 percent year over year bump in ADR to \$172.36 for hotels in the Middle East and Africa. The region still saw a 7.2 percentage point dive in occupancy to 60.4 percent, and is forecast to see a decline in ADR and occupancy in the remainder of the year. ■



Terrorism, Brexit & Global Air Travel Demand

BY MICHAEL B. BAKER

Global air travel demand increased 5.2 percent year over year in June, showing slower growth compared with earlier this year, according to the International Air Transport Association. IATA director general and CEO Tony Tyler cited “the fragile and uncertain economic backdrop, political shocks and a wave of terrorist attacks” as factors. Global international air travel capacity, meanwhile, increased 5.6 percent in June, dragging down load factor by 0.3 percentage points to 80.7 percent.

Repeated Attacks

International air travel demand in Europe, which has borne the brunt of the recent terrorist attacks, increased 2.1 percent year over year, the smallest increase among global regions, according to IATA. Capacity increased 3.4 percent, and the region’s load factor declined 1.1 percentage points to 83.3 percent. “While demand tends to recover reasonably quickly after such events, the repeated nature of the attacks may have a more lasting impact,” according to IATA.

Terrorism also was a possible factor in a slowdown of demand growth in the Asia/Pacific region, IATA reported. International air demand there in June was up 8.2 percent year over year, but it hasn’t risen much in the second quarter, a possible “sign of Asian passengers being put off travel by terrorism in Europe,” according to the association. Asia/Pacific capacity increased 7.3 percent, and load factor was up 0.6 percentage points to 78.2 percent.

For its part, the Lufthansa Group is forecasting a “significantly weaker” performance than expected this year due to declining demand. “The terrorist attacks in Europe and also the increasing political and economic uncertainties are having a tangible impact on passenger volumes,” Lufthansa Group CEO and chairman Carsten Spohr said in a statement. “The forward bookings, in particular for our long-haul services to Europe, have declined significantly. We expect the high pricing pressure to continue.”

Lufthansa noted a high cancellation rate among travel group bookings from China and other Asian nations to the European Union, as well as an impact from the U.S. State Department’s travel alert for Europe. Additionally, Lufthansa sees overcapacity on routes between Europe and Asia following “aggressive expansion” of Middle Eastern carriers.

Brexit

The Brexit vote, meanwhile, “caused great uncertainty on the global markets,” according to the Lufthansa Group. It added, “Further developments and the impact on the airline industry will depend on the outcome of the European Union’s negotiations with the [United Kingdom,] which have not yet begun.”

According to the Global Business Travel Association’s annual forecast, “The financial upheaval and pending changes to trade and immigration rules will raise management heartburn, causing some postponement and even outright cancellation of business trips. It may also trigger travel budget constriction as management seeks to hedge the uncertainty. On the other hand, a much weaker pound will make leisure and business travel to the U.K. a real bargain.”

Delta Air Lines will cut capacity to the United Kingdom this year in light of the economic uncertainty, and it will scale back domestic capacity growth amid declining yields from corporate business. Delta’s second-quarter operating revenue declined 2 percent year over year, a drop of \$260 million. Foreign currency pressure contributed \$65 million to that drop, but Delta also sees little growth in corporate demand

and “stubbornly low business fares,” according to Delta president Glen Hauenstein. “Absolute volumes for business traffic remain solid, but they did not keep pace with Delta’s growth,” he said.

As such, Delta will moderate domestic capacity growth after the summer travel months and will cut three percentage points in domestic capacity by the fourth quarter, Hauenstein said. Additionally, for its winter schedule, the carrier will cut capacity to the United Kingdom by six percentage points, and joint-venture partner Virgin Atlantic also will cut capacity, CEO Ed Bastian said.

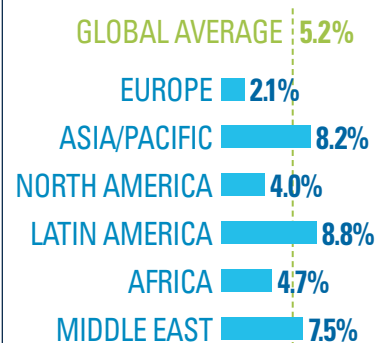
Demand Remains Strong in Americas & India

According to IATA, June international air travel demand in North America increased 4 percent year over year, showing improvement from the previous month. Capacity rose 4.7 percent, leading to a 0.6 percentage point drop in load factor to 84.3 percent. Demand growth also has improved in Latin America, where it was up 8.8 percent year over year. Capacity increased 5.2 percent, and the region’s load factor rose 2.7 percentage points to 82.4 percent.

Capacity outpaced demand in both the Middle East and Africa. In Africa, “the strong upward trend in demand that began in the second half of 2015 has paused,” IATA reported, with demand up 4.7 percent and capacity up 7.4 percent. The region’s load factor declined 1.7 percentage points to 64.4 percent. Demand growth in June for Middle Eastern carriers moderated to 7.5 percent in June as capacity increased 14.3 percent, dropping load factor 4.4 percentage points to 69.9 percent. The timing of Ramadan was a possible factor in the slowdown, according to IATA.

Demand was up among all major domestic air travel markets in June except Brazil, where domestic demand declined 6.5 percent, and demand growth outpaced capacity growth in most markets. In the United States, domestic air travel demand increased 4.5 percent, higher than the nation’s 4.3 percent growth in domestic air capacity. Domestic demand growth was strongest in India, where it increased 23.3 percent “propelled by strong growth in real consumer spending as well as the fact that airlines are adding airport pairs and frequencies,” IATA reported. ■

June YOY Air Travel Demand Growth



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To Bot or Not in the Post-App World?

BY JOHNNY THORSEN

After years of relentless focus on the user experience, a new and interesting trend is emerging in the tech world: Simplicity—and ideally invisibility—is now at the forefront of user engagement. In simple terms, the introduction of chatbots in channels like WeChat and Facebook Messenger potentially removes the need for users to install and manage separate apps for travel services. So should suppliers and corporate travel program owners stop mobile travel app development projects and divert investments into the new world of chatbots?

The answer depends on your appetite for trying new things. A bot is a piece of software designed to have a conversation with you, the user, based on a number of pre-defined rules and a pool of digital knowledge stored in a dedicated database. The bot can answer any question from an unlimited number of users as long as the rules library can identify the answer and the associated response is available in the content database. Examples of bots already in existence are weather bots, sports result bots and public transportation bots. Now, imagine how a bot might be able to eliminate a large number of travel information requests made by corporate travelers, all by enabling the traveler to write a plain-language sentence rather than launching a browser or an app or, even worse, writing an email or making a call to someone.

Even though mobile apps have been around for nine years now—yes, the iPhone turns 10 in October 2017—we are still in the early stages of embedding this technology into the digital core of the corporate travel program. Considering that it took the travel industry almost 20 years for online booking engines to grow up and become a default component of the corporate travel technology platform, it might be worth taking a step back to ask yourself what the mobile technology world will look like in 2020.

Open Vs. Closed Technology: Your First Area of Concern

Since Facebook launched the new API for the Messenger platform in early April, more than 11,000 bots have already been created, and 23,000 developers have signed up and started development projects. That means we will see an explosion of new services in the coming months. Meanwhile, Chinese social network WeChat already has an estimated 10 million bot services connected to its platform, and Telegram, based in Berlin, has seen about 3,000 bots added since it opened its botstore in January 2016.

Each of these and many other messaging services will be knocking on your door in the coming months and years. The next major “land grab,” or battle for market share, has started in the tech world. For travel program managers, this means the world becomes a more complex place yet again. Basically, there will be no single platform available for all your employees, and some bots will only work in some markets while others might only work on some networks or devices.

TMCs and travel suppliers will once again try to catch up and create their own bot solutions, but they will probably be limited in capability. More important, they will connect to a closed world, the world of the service provider. And finally, they will only be available for the travelers within the corporation.



Johnny Thorsen, SAP Mobile Services senior director of value solutions & co-founder of messaging service conTgo, which Concur acquired in 2013

Imagine how a bot might eliminate a large number of information requests, all by enabling the corporate traveler to write a plain-language sentence rather than launching a browser or an app or writing an email or making a call.

Are Bots for the Few or for the Masses?

In the managed travel space, travel technology has been developed on the assumption that it only had to be relevant for the corporate traveler, but this logic is now being challenged on a number of fronts, and the bot revolution could mark the end of that era and mindset.

Duty-of-care solutions for corporate travelers have come under pressure to expand and cover all employees as terror attacks and natural disasters have a potentially larger impact on local employees than on actual travelers. As bots roll into the enterprise environment, it's highly logical that this technology will be deployed for all employees and as a result it will be impossible for the travel program to deploy and sustain a bot dedicated to travelers only.

Enter the new employee engagement manager. The bot revolution provides the traditional travel manager with a unique opportunity to get funding for new technology while expanding beyond the narrow business travel vertical at the same time. By positioning the bot opportunity as a critical component in the future travel program and ensuring all employees can use the service for other purposes, the travel program manager can take the lead. But that strategy only works if the chosen solution is open, flexible and supplier agnostic. In other words, it cannot be limited to the service environment of one TMC, online booking engine, airline or hotel chain.

Bots and the underlying technology could potentially replace email communication with external service providers, and companies will therefore be looking for solutions with broad multi-vertical capabilities rather than narrow segment-specific ones. That is why a “travel-only” bot is likely to be the wrong strategy for a future-focused ambitious travel program manager.

Ten years after the likes of Triplt and conTgo introduced two-way mobile messaging services, we are finally ready to make messaging technology an integral and mandatory part of the travel experience. The question is, who will be the solution providers of the future, and are you ready to adapt? ■

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