

# BTN

BUSINESS TRAVEL NEWS



## MEETINGS MAVENS

For strategic meetings management programs going global, don't be afraid to move slowly, build trust & keep your eye on the data. Two meetings managers share their wisdom.

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## PAYMENT & EXPENSE

Virtual card roundup: Spendesk raises €2 million, Wex & HitchHiker automate virtual payments, & DerbySoft & Conferma integrate.

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## VOICES

TCG Consulting's Bill Kerr writes that now is the time to switch from a traditional model of looking for savings in supplier negotiations to a total cost of ownership strategy.

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## FEATURE



WASHINGTON STATE ATTORNEY GENERAL BOB FERGUSON

FULL COVERAGE ON PG 8

# Courts Gut Travel Ban

**GBTA ESTIMATED \$185 MILLION IN BUSINESS TRAVEL LOSSES IN THE WEEK FOLLOWING TRUMP'S EXECUTIVE ORDER**

Washington State Attorney General Bob Ferguson's challenge to President Donald Trump's executive order "Protecting the Nation from Foreign Terrorist Entry into the United States" raised "serious allegations" and presented "significant constitutional questions" about the order's religious discrimination and violation of Fifth Amendment due process rights, according to San Francisco's Ninth Circuit Court, which upheld a lower court's ruling to suspend aspects of the ban. The order, signed Jan. 27, restricted for 90 days individuals from Iraq, Iran, Libya, Somalia, Sudan, Syria and Yemen from entering the U.S., even with valid travel visas. The chaotic rollout stranded travelers at major U.S. airports, where protests also surged. Nearly 100 corporations have claimed harm from stalling critical recruitment efforts and curtailing key travel. Travel managers said companies had been affected immediately and expressed concern about cutbacks on business travel.

## PREMIUM TRAVEL

# Buyers Reconsider Premium Air Policies

BY MICHAEL B. BAKER

As carriers continue to segment their classes of service, many travel buyers are reviewing premium class air travel policies, particularly as premium economy cabins emerge, according to a BTN survey of 171 travel buyers.

Over the past two years, the travel policies of 24 percent of travel buyers have allowed more premium class airline products.

Similarly, in last year's BTN Corporate Travel 100 research on the largest travel spenders, 16 percent loosened their business class policies while only 12 percent planned to tighten them. It marked the first time in CT 100 history that more companies planned to loosen such policies than to tighten them.

Part of the shift owes to companies upgrading traveler services and satisfaction. A third of the buyers BTN surveyed had increased that focus over the past two years; less than 5 percent said it had decreased.

That does not mean budget concerns are out the window, however. The Association of Corporate Travel Executives surveyed 212 buyers last summer and found that discounts were still the top priority for a vast majority. "Upgraded travel products always equal upgraded cost, so we don't explore it at all," one buyer in BTN's survey said. "The upgrades that

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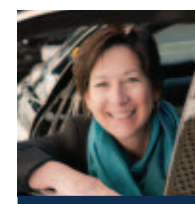
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"We do have on-demand service in three markets: New York, the greater New York City area and Chicago. The next step is to roll out our near-demand service, and we will be starting in our largest markets."

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### Trump Ban's Effects on Travel

How bookings behaved immediately after Trump signed the executive order, plus U.S. and European travel managers' reactions.

## U.S. TRAVEL MANAGERS' TOP CONCERNS

More difficult travel for Americans

Complicated travel to U.S.

Increased threats

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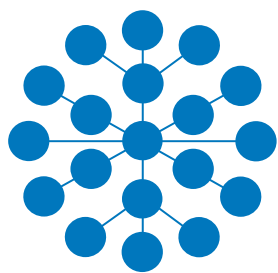


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# Marcou Buys GroundLink in Bid to Compete with Uber & Lyft—What Now?

To speed up development of an on-demand platform for chauffeured transportation suppliers, Marcou Transportation Group, parent company of Dav El BostonCoach, acquired car service platform GroundLink. The deal also included Limo Anywhere, a back-office platform for chauffeured suppliers.

Scott Solombrino, CEO of Dav El BostonCoach, said the GroundLink platform will continue in its current form, and CEO Liz Carisone will remain in her role. GroundLink will supply technology around dispatching and location-based pricing as MTG develops an on-demand platform through which traditional chauffeured suppliers can compete with on-demand ride-hailing companies like Uber and Lyft.

The platform will bring together thousands of small chauffeured transportation suppliers, according to Solombrino. “This will be the first on-demand service for the corporate market with the scale to compete [with Uber]. This puts us on an even technology footing.”

One of the next steps is to identify test markets for the platform, Solombrino said. The service likely will begin as “near demand,” meaning passengers can hail rides within about 30 minutes, and eventually will evolve to on demand. It could launch within two months, he said.

Solombrino said the platform will emphasize the duty of care offered by traditional chauffeured car suppliers, including driver training, fingerprint background checks and drug testing.

Carisone spoke with BTN transportation editor Michael B. Baker about what happens now.

## WHAT DROVE THIS ACQUISITION?

The marketplace is really ripe for consolidation for two reasons. The fragmentation of software systems that companies are on makes it difficult to amass scale, so the opportunity under the Marcou Transportation Group is significant because it puts big brand names together to combine supply in order to meet customers’ demand and meet the competitive pressures that are out in the marketplace.

The other thing is that it puts together GroundLink, which is strong in technology, with the backbone of the affiliate network within Limo Anywhere, which enables us to provide seamless service across the world. Dav El BostonCoach has built out a superior product from a duty of care perspective and a class of



GroundLink CEO Liz Carisone talks:

- How the companies will proceed
- Technology that’s in the works
- Plans to roll out on-demand services

merchandise that can benefit from the GroundLink platform. I’m looking at it from being able to cater to the corporate travel managers’ needs to deliver on-demand service, as well as directed service, but also having the scale to cover road shows and significant events. The Dav El BostonCoach brand has a strong presence in the events marketplace, and GroundLink does, as well. Up to 10 percent of the combined revenues are related to events. This will allow us to provide technology-enabled support and service to these event managers.

## WHAT SORT OF EVENT PRODUCTS DO YOU HAVE IN MIND?

GroundLink has developed an event product that allows travel managers to automatically upload their manifest, which makes making changes and moving things around much easier. Providing the scale that the Marcou brand has across different modes of transportation, from bus to Sprinter vans to black cars, it also enables us to deliver a much more personalized service. Once we start to integrate and all our processes come to bear, we’ll be coming to market with some very good tools that will make the event manager’s job easier.

## WHAT’S THE TIME LINE ON GETTING THESE PRODUCTS TO MARKET?

We have launched an initiative to really get to near-demand, 20 minutes or under, in our top markets. We are now in beta on that. We do have on-demand service in three markets: New York, the greater New York City area and Chicago. The next step is to roll out our near-demand service, and we will be starting in our largest markets. The good thing is: The combined organizations share the largest markets as the top markets, so we will be focusing in the L.A. area.

## DAV EL BOSTONCOACH CEO SCOTT SOLOMBRINO SEES THE ACQUISITION OF GROUNDLINK AS A TRANSFORMATION OF MARCOU TRANSPORTATION

“Once we start to integrate and all our processes come to bear, we’ll be coming to market with some very good tools that will make the event manager’s job easier.”

## GROUP INTO A TECHNOLOGY SUPPLIER RATHER THAN A BRICK-AND-MORTAR BUSINESS BUT SAID MTG ALSO PLANS TO CONTINUE CONSOLIDATING THE CHAUFFEURED TRANSPORTATION INDUSTRY. WHAT’S YOUR TAKE?

In order for competition to thrive, we’re going to have to be bigger to get scale. This opportunity allows us to really focus on the technology. We’ve got some exciting projects that we’re working on and hoping to deliver at [the Global Business Travel Association conference] in July. ■



# FCM Travel Solutions Takes First Steps for TMC Chatbots

BY AMON COHEN

More than 30,000 branded chatbots, apps that use natural language to interact with users, launched in 2016, according to the publication VentureBeat. That includes one in corporate travel: FCM Travel Solutions' SmartAssistant for Mobile, or Sam. "Sam interprets and pre-empts requests and actions," said Marcus Eklund, global general manager for the travel management company.

Among the tasks Sam can perform is prompting travelers at appropriate moments to book ground transportation transfers within policy—or prompting them to change their travel arrangements if it detects a disruption to an arranged trip. According to FCM, Sam also deploys artificial intelligence to understand travelers' personal preferences better and refine the suggestions it makes based on its deepening knowledge.

In July, Sam became available on the iOS platform via the Apple app store in the U.S. Now Android and Apple watch owners can use it, too. FCM will release Sam in Europe in August or September and in Asia in November. FCM predicts that by 2020 "text or voice-based interfaces will be the new norm for communicating with the Web," but the revolution is not happening overnight. In reality, Sam, which was developed in Boston and Barcelona, is still being beta tested with two clients in the U.S. And while Sam generates all notifications to travelers automatically, only 20 percent of chat responses occur automatically. FCM employees handle the rest.

Eklund believes the automatic chat responses will rise to 80 percent as Sam learns. How far will chatbots go in relieving human TMC employees of the task of engaging with travelers? "It will never be 100 percent; that's for sure," said Eklund. "But we hope to automate the 20 percent of questions which take up 80 percent of our people's time, such as, 'How much would it cost to change my flight?'" What won't be automated will be answering questions like, "Should I fly to India before I fly to Vietnam?" That's the kind of cost-conscious itinerary construction for which FCM retains consultants.

At a recent London briefing, FCM offered tangible examples of what Sam can do, though the demo was a PowerPoint presentation, not live. Drawing both on the user profile of a traveler Sam knows is a soccer fan and on the traveler's passenger name record, Sam recommends an evening soccer match during the traveler's trip to Paris the following week. Then Sam offers to book and pay for the ticket using the traveler's payment info.

A few hours before the flight, Sam asks the traveler if he or she needs

**"Today, there is so much data that we can't build rules around it all. AI allows the computer to start making correlations by itself."**

**—FCM TRAVEL SOLUTIONS' MARCUS EKLUND**

transportation to the airport. If the traveler says yes, Sam asks whether from the office or home. Because Sam knows these locations, it calculates the estimated costs and times to the airport of different options before connecting the traveler to an approved ground transportation company.

Toward the end of the trip, Sam notices that traffic to the airport is heavy and alerts the traveler either to leave 30 minutes earlier or to book a later flight. If the traveler chooses the latter, Sam searches for new flights but, seeing that these fall outside policy, offers a Eurostar train ride instead. The traveler opts to take a later flight, and Sam, aware that the traveler has two hours to kill at the airport, suggests this might be a good time to manage expense receipts.

Some of these two-way communications have been available since ConTgo, now owned by Concur, launched a decade ago. The difference today is that there is even more data, and AI, to act on it. "The new AI technology is a self-learning mechanism that understands the patterns of what travelers like and links them with other patterns," said Eklund. "Today, there is so much data that we can't build rules around it all. AI allows the computer to start making correlations by itself, although there are always framework rules to govern behavior. Until now, corporate travel has been notoriously poor at leveraging information."

Eklund believes traveler feedback from mobile surveys will personalize chatbots' service further. Social media comments can do the same. "We don't do it today and we are very aware of data privacy restrictions, but we are starting to play around to see what information it will bring," he said. ■

## Concur Embarks on Message Bot with Beta Test of Slack Integration

BY JAY BOEHMER

Concur is beta testing a bot with group messaging system Slack, which has more than 4 million daily active users, that can support simple T&E tasks via a conversational interface. It marks the beginning of Concur's foray into the buzzed about world of messaging interfaces and bots.

For now, the Slack integration is pretty basic. There are no conversational booking capabilities, for example. Rather, beta users who link their Slack account to Concur can use the @Concur handle to access travel itinerary information, upload receipt images, file "quick" expenses and view expense summaries.

"We started with the base functionality: your ability to upload receipts, your ability to ask about your trip, your ability to file simple expenses and understand the status of your report," said Concur Labs VP John Dietz. "From there, we're learning what users want from the bot, and we'll add those features and functionalities over time."

The T&E giant's Concur Labs organization—which explores emerging technologies, builds prototypes and tests features before wider release—has collaborated with Slack for the past six months to land at the beta version. Dietz said the offering now is in closed beta with select customers, including Slack itself. He said the technology is broadly transferrable to other messaging platforms. Eventually, those may become Concur capable, as well. ■

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# Trump Ban's Effects on Travel

On Friday, Jan. 27, President Donald Trump signed an executive order banning entry into the U.S. by nationals of Iraq, Iran, Lybia, Somalia, Sudan, Syria and Yemen for 90 days, all refugees for 120 days and Syrian refugees indefinitely. After a tumultuous two weeks—across airports and courtrooms—a federal circuit court on Feb. 9 upheld a lower court's decision to suspend the ban. As of press time, the case appeared headed to the Supreme Court. Read more on page 8.

## IN THE WEEK AFTER TRUMP SIGNED THE EXECUTIVE ORDER, GBTA ESTIMATES:

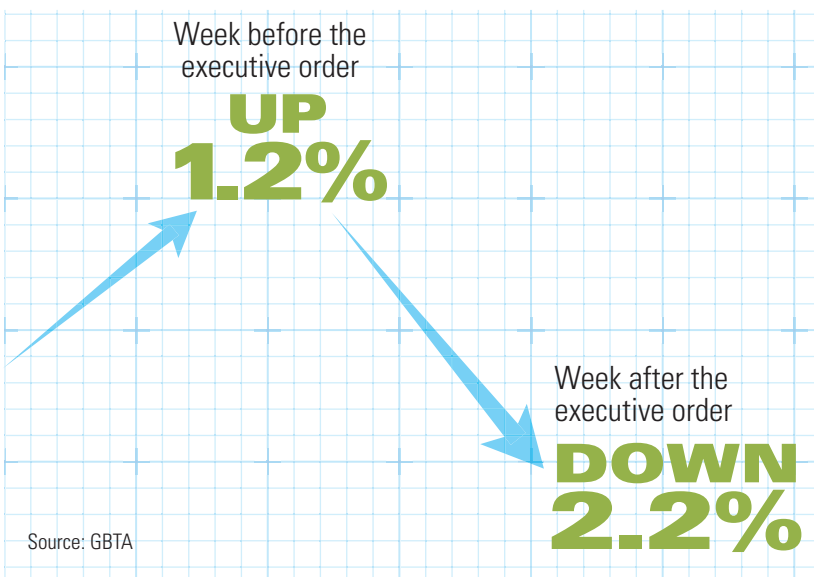
Business travel bookings for inbound U.S. flights, outbound flights, hotels & car rentals declined

# 6.5%<sup>YOY</sup>

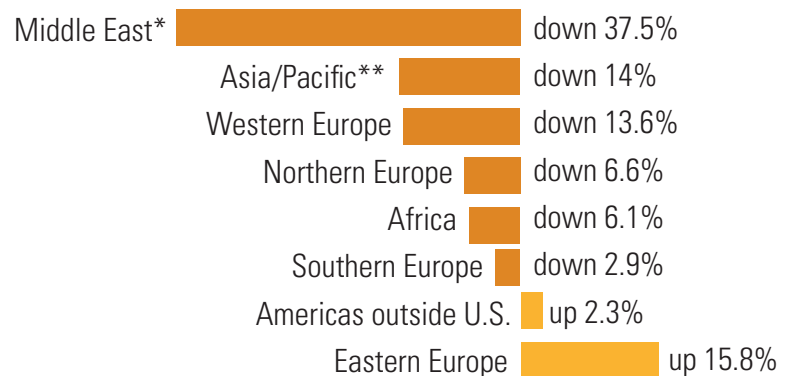
# \$185M

in business travel transactions was lost

### WEEK-OVER-WEEK CHANGE IN U.S. BUSINESS TRAVEL TRANSACTIONS

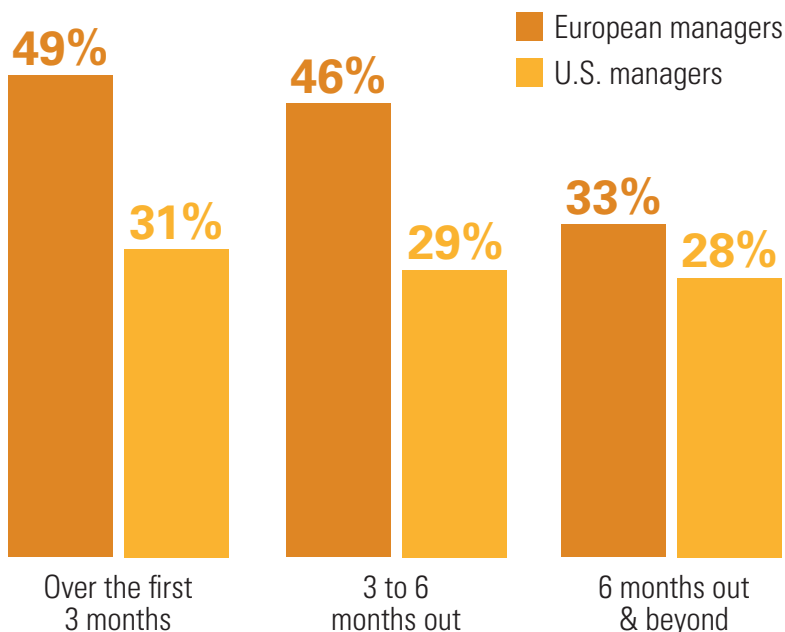


### YOY CHANGE IN AIR BOOKINGS TO THE U.S. FROM JAN. 28 TO FEB. 4

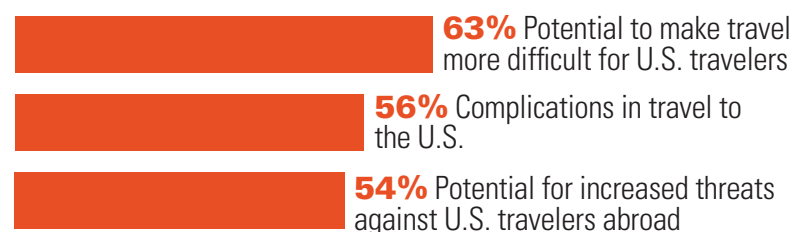


\*Includes a 60% drop from Saudi Arabia, which reflects a school break  
\*\*Excludes China & Hong Kong to avoid effects of the Chinese New Year  
Source: ForwardKeys air reservation database of more than 200,000 travel agencies

### TRAVEL MANAGERS WHO EXPECT A REDUCTION IN THEIR COMPANIES' BUSINESS TRAVEL



### U.S. TRAVEL MANAGERS' TOP CONCERNS



### EUROPEAN TRAVEL MANAGERS' REACTIONS



Source: GBTA straw polls of 58 U.S. travel managers and 68 European travel managers

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## Ninth Circuit Court Deals Legal Blow to Trump Travel Ban

BY ELIZABETH WEST

A three-judge panel for San Francisco's Ninth Circuit Court denied on Feb. 9 a Department of Justice emergency motion to stay Seattle Federal District Judge James Robart's ruling that suspended enforcement of critical components of President Donald Trump's executive order, titled "Protecting the Nation from Foreign Terrorist Entry into the United States." The order banned for 90 days entry into the U.S. for citizens of Iraq, Iran, Libya, Somalia, Sudan, Syria and Yemen. It suspended for 120 days the entry of all refugees and indefinitely suspended immigration of Syrian refugees.

The Ninth Circuit Court, which was limited in its decision-making to whether the lower court was justified in suspending the order, has cleared the way for Judge Robart to hear the suit filed by the states of Washington and Minnesota that allege the executive order violates religious freedom and Fifth Amendment due process. At press time, the DOJ had requested a delay on the case, which would determine the order's constitutionality. Robart denied that request, citing the DOJ's own arguments about the case's import to national security.

### The Decision in San Francisco

The DOJ contended in circuit court documents filed Feb. 6 that the court system lacked authority to restrict enforcement of the executive order because the president has "unreviewable authority to suspend the admission of any class of aliens," particularly when national security matters are at stake. The circuit court asserted judicial authority to check executive overreach, writing in its decision, "There is no precedent to support this claimed unreviewability, which runs contrary to the fundamental structure of our constitutional democracy."

The Ninth Circuit Court established standing for the suit largely based on harm to public universities, which are considered branches of the state. The court cited the teaching and research missions that are harmed by travel restrictions the executive order places on faculty and students who are nationals of the seven predominantly Muslim countries affected by the ban. They "cannot travel for research, academic collaboration or for personal reasons,

and their families abroad cannot visit. Some have been stranded outside the country, unable to return to the universities at all," the judges wrote. The decision did not comment on the friend-of-the-court brief signed by 97 corporations citing the harm to their businesses caused by curtailing travel for recruitment and business.

The complaint filed by the states of Washington and Minnesota cited religious discrimination and violation of due process rights afforded by the Fifth Amendment in its case against the executive order. The plaintiffs pointed to Trump's stated intent throughout his presidential campaign to institute a "Muslim ban." While the DOJ questioned the court's leeway to consider underlying motivations of a national security order, the judges wrote that the states' complaints "raise serious allegations and present significant constitutional questions" in terms of discrimination.

The court also rejected the DOJ's assertion that individuals affected by the executive order have no rights under the U.S. Constitution. Citing case law from 2001, they wrote that due process protections provided by the Fifth Amendment "appl[y] to all 'persons' within the United States, including aliens regardless of whether their presence here is lawful, unlawful, temporary or permanent."

Regarding clarifications by White House counsel made several days after the order was implemented that permanent residents were excluded from the restrictions, the court questioned the authority of White House counsel to make and enforce those interpretations. Moreover, given the evolving interpretation of the order, the court pointed out that it "cannot say that the current interpretation by the White House counsel, even if authoritative and binding, will persist past the immediate stage of these proceedings."

The court admonished the DOJ for submitting no evidence to support its claim that the stay on the travel ban could result in irreparable harm to the U.S. since the district court's order returned the nation temporarily to the security position it had occupied before the ban. The court noted that the DOJ gave no evidence that any alien from any of the countries named in the order had perpetrated a terrorist attack in the U.S. If that information were classified, the court pointed out, the government was free to provide the court with classified information under seal and with an expectation of confidentiality. The DOJ did not provide such information in this case.

Immediately following the Ninth Circuit Court's decision, Trump called it "a political

## Trump Travel Ban: The Timeline



**Jan. 27th:** President Donald Trump signs late-in-

the-day Executive Order 13769 "Protecting the Nation from Foreign Terrorist Entry into the United States."



**Jan. 28th:** Protests break out in major U.S. airports; an estimated 109 passengers were stranded at U.S. airports in the first 24 hours; Brooklyn federal judge

Ann Donnelly is the first to suspend deportation orders for travelers with valid visas who landed in the U.S. on Friday or Saturday; House officials confirm that the ban includes green card holders.

**Jan. 29th:** White House officials reverse course, saying the ban does not apply to green card holders but does apply to those with temporary work visas and student visas; 16 state attorneys general released a statement calling Trump's action "un-American and unlawful."



**Jan. 30th:** Washington State Attorney General Bob Ferguson files suit in Seattle federal district court against Trump, citing religious discrimination and Fifth

Amendment due process violations. Major corporations criticize the ban as contrary to best-in-class recruitment and cite disruption to business travel as harmful.

decision” and tweeted “SEE YOU IN COURT.” The tweet was widely viewed as Trump’s intent to appeal the decision to the Supreme Court. At press time, however, a Supreme Court appeal did not appear to be in play as Judge Robart prepared his court. Should Trump eventually pursue a Supreme Court ruling, four justices must agree to take the case. Overturning the lower court ruling would then require five justices. The current vacancy on the Supreme Court extends the chance that the current ruling would stand. This could account for the Justice Department’s request for a delay in district court, as the administration banks on the confirmation of conservative Judge Neil Gorsuch to fill the vacancy at the highest court and potentially support the travel ban.

### Lead-Up to the Restraining Order

The Friday, Jan. 27, executive order stranded at least 109 travelers at major U.S. airports in its first 24 hours; it was unclear how many individuals were prevented from boarding flights bound for the U.S. from foreign airports. Uneven implementation of the executive order at airport checkpoints and evolving messaging from the administration throughout the weekend caused confusion about which travelers should be affected. The language of the action itself included “immigrant and nonimmigrant” travelers, meaning legal residents/green card holders and those traveling on visas.

A White House official said on Jan. 28 that the ban would include green card holders but that Homeland Security would consider them for entry on a case-by-case basis. The administration backed off the next day, when judges in New York, Massachusetts and Virginia temporarily blocked deportation for individuals with permanent U.S. resident status or valid visas, including refugees. Homeland Security Secretary John Kelly stated that unless information indicated a serious threat to public safety, those with legal residency would be allowed to re-enter the U.S.

The status of refugees, students and workers with temporary visas was not clear. In addition, the executive order revoked 60,000 to 100,000 visas attached to future travel itineraries.

After Judge Robart’s Feb. 3 temporary restraining order against the ban, revoked visas were reinstated and the DHS issued the following notification: “In accordance with the judge’s ruling, DHS has suspended any and all actions implementing the affected sections of the executive order entitled ‘Protecting the Nation from Foreign Terrorist Entry into the United States.’” ■

# Travel Managers Impacted Immediately by Travel Ban

By Michael B. Baker

In the days following President Donald Trump’s executive order that suspended immigration for 90 days for travelers from seven predominantly Muslim countries, 250 travel buyers responded to a survey fielded by the Association of Corporate Travel Executives to gauge the level of industry impact and future concerns. Thirty-nine percent of ACTE survey respondents said the travel ban could reduce business travel for their corporations overall, while 20 percent say the ban caused immediate problems for their travelers and programs.

The Global Business Travel Association estimated that the business travel industry lost an estimated \$185 million in bookings in the week following the executive order (see page 6). GBTA executive director and COO Michael McCormick wrote in a blog post that much of the decline stemmed from lack of clarity around the executive order, which caused bookings to be delayed or canceled. That uncertainty likely will continue as the industry awaits a Supreme Court appeal, he noted.

“Advanced bookings will likely slow, as travel professionals cannot be sure if and when the ban will be reinstated. Meetings and events may be canceled altogether,” McCormick said. “We urge the Trump administration to pause this travel ban action, reassess its path forward with key stakeholders and preserve both our national security and our economy for the future.”

### EXCERPTS: State of Washington & State of Minnesota v. Trump

“Microsoft’s U.S. workforce is heavily dependent on immigrants and guest workers. At least 76 employees at Microsoft are citizens of Iran, Iraq, Syria, Somalia, Sudan, Libya, or Yemen and hold U.S. temporary work visas. There may be other employees with permanent-resident status or green cards. These employees may be banned from re-entering the U.S. if they travel overseas or to the company’s offices in Vancouver, British Columbia.”

“Seattle-based company Amazon also employs workers from every corner of the world. Amazon’s employees, dependents of employees and candidates for employment with Amazon have been impacted by the executive order that is the subject of this complaint. Amazon has advised such employees currently in the United States to refrain from travel outside the United States.”

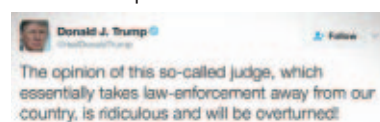
“Bellevue-based company Expedia operates a domestic and foreign travel business. At the time of this filing, Expedia has approximately 1,000 customers with existing flight reservations in or out of the United States who hold passports from Iran, Iraq, Syria, Somalia, Sudan, Libya or Yemen. The executive orders restrict business, increase business costs and impact current employees and employers.”



**Feb. 1st:** Minnesota joins Washington State legal challenge to the executive order.

**Feb. 3rd:** Federal District Judge James Robart rules in favor of the states, issuing a temporary restraining order (TRO) to suspend the travel ban nationwide.

**Feb. 4th:** Trump tweets:



The Department of Justice files a motion to the Ninth Circuit Court in San Francisco to stay the TRO; court denies motion and requests additional briefings.

**Feb. 6th:** Documents filed; court sets telephone hearing for following day before: Judge William Canby, appointed by Jimmy Carter; Judge Michelle Friedland, appointed by Barack Obama; and Judge Richard Clifton, appointed by George W. Bush.

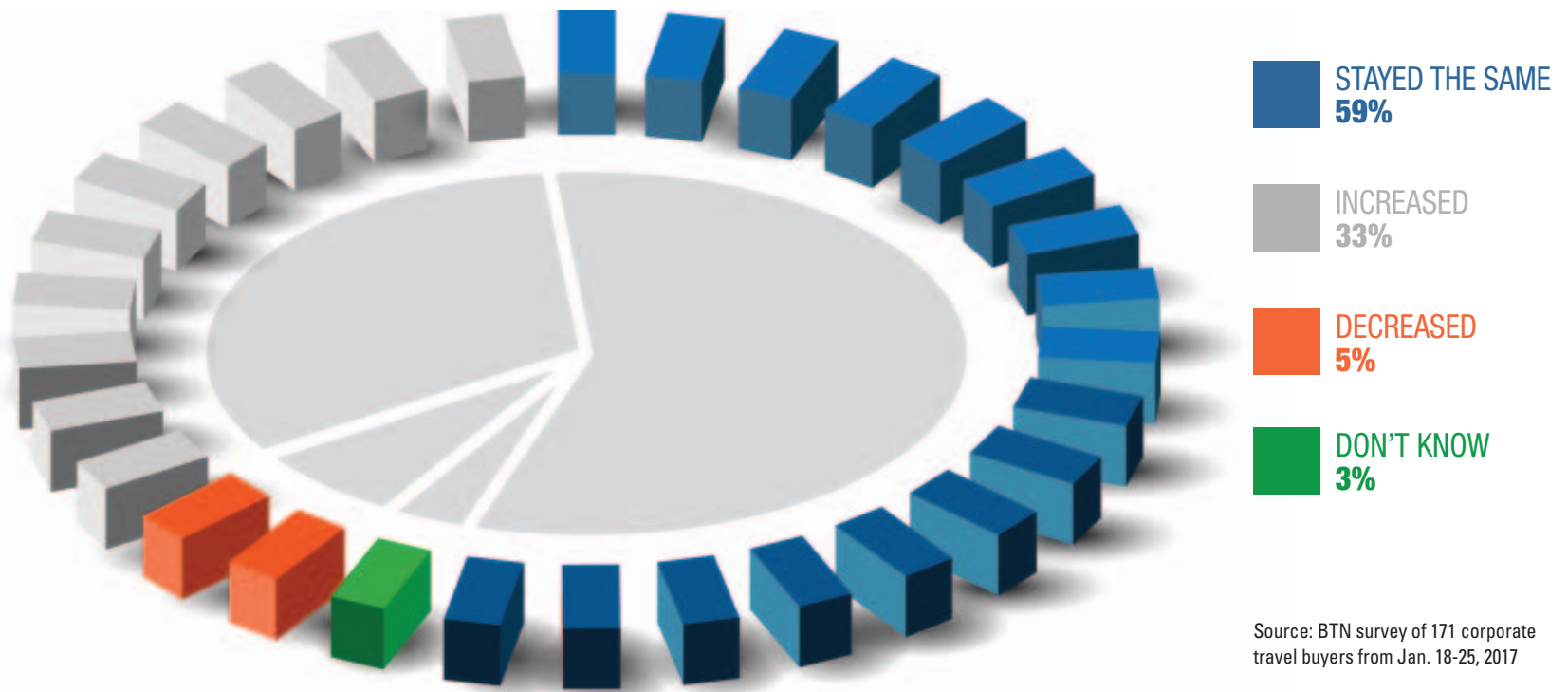


**Feb. 7th:** Panel hears arguments from both sides

**Feb. 9th:** Ninth Circuit Court upholds District Judge James Robart’s temporary restraining order; Trump tweets “SEE YOU IN COURT.”



CONTINUED FROM FRONT PG



## Upgrading Business Traveler Services/Satisfaction: How Travel Programs' Focus Has Changed over the Past Two Years

our travelers do earn are because they are already elite status due to their inherently high travel levels, but I have no interest in increasing upgraded products to the occasional traveler.” With hotels, in fact, more premium class policies are tightening than loosening.

The AIG effect, which became common parlance after the insurance firm received an \$85 billion federal bailout and then held an event at a luxury resort, might seem like ancient history, but public perception still factors into companies' premium travel policies, particularly in certain industries. One buyer in BTN's survey said their pharmaceutical firm had banned travelers from using Amtrak's Acela Express service, favoring instead the cheaper Northeast Regional service. “Given the public furor around the price of drugs, there is pressure to rein in expenses and there also is a perception issue,” the buyer said. “For example, the public might be upset by seeing pharma meetings in luxury hotels and resorts or the use of limos, believing this to be a cause of their high drug costs.”

Buyers are exploring creative ways to

add premium options for air travel, beyond simply loosening the purse strings for business class flights. Premium economy likely will become a bigger disruptor to U.S. travel policies this year.

The three largest U.S. carriers all have offered seating with extra legroom at an extra cost for several years, but now they are beginning to offer premium economy as its own distinct cabin on select flights, as some European and Asia/Pacific carriers already have done. Late last year, American Airlines began flying Boeing 787-9 Dreamliners with Premium Economy cabins on some long-haul international flights, and Alaska Airlines will expand Premium Class seating on Boeing 737-800s and 737-900s this year. Delta plans to debut a premium economy cabin on international flights this year, and JetBlue continues to expand its premium Mint product.

About half the buyers in BTN's survey have altered or plan to alter their policies based on premium economy offerings. More than a quarter have made or are making more travelers eligible for premium class travel, while only 15 percent have bumped

down business class-eligible travelers to premium economy.

Kalviny Man, travel and operations manager for online real estate company Zillow Group, said his company updated its premium economy travel policy last year. It had allowed upgrades on international travel but the majority of Zillow's travel is domestic, so the company decided to reimburse employees as much as \$75 for premium economy seating. The policy came from a company Zillow had acquired, and it seemed like a good idea to adopt it companywide, he said. “We wanted to make it easier for those road warriors, who are doing us a service by traveling,” Man said. “We were seeing it more and more on expense reports, where they had tried to expense it, so we decided to reimburse everyone up to that dollar amount.”

Similarly, premium economy options have allowed FINRA to move some domestic travelers out of economy seats, said corporate travel services manager Carol McDowell. For long-haul international travel, the nonprofit's policy allows travelers to upgrade to the cabin above



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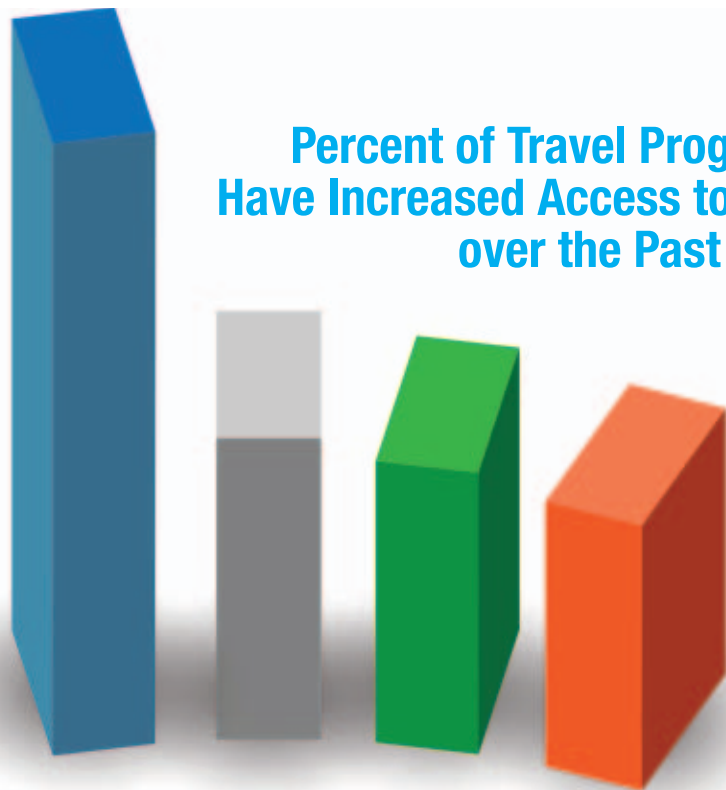
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economy, be it premium economy or business class. But as with Zillow, most of FINRA's travel is domestic, she said. As such, on domestic flights of at least five hours, FINRA travelers now can upgrade seats within the economy cabin.

McDowell would like to cut that threshold down to three or four hours but needs better ancillary spending analytics to determine whether it's economically feasible. ■

## Percent of Travel Programs That Have Increased Access to Upgrades over the Past Two Years



Source: BTN survey of 171 corporate travel buyers from Jan. 18-25, 2017

UPGRADED AIRLINE SEATS/CABINS **24%**

UPGRADED CAR RENTAL PRODUCTS & SERVICES **10%**

CHAUFFEURED CAR SERVICES **12%**

UPGRADED HOTEL ROOMS/LUXURY HOTELS **7%**

## New Ovation Sales Program Courts VIPs Served by Other TMCs

BY JAY BOEHMER

Ovation Corporate Travel has launched a sales program and service to handle VIP travelers for accounts served by other travel management companies.

Ovation's proposition to managed travel administrators goes like this: Mega TMCs and other agencies handle most of your travelers fine, but your VIPs and C-suite would better be served by a high-touch specialist. The program, Ovation Reserve, will integrate with the primary TMC and "plug into your existing travel program for reporting, duty of care and vendor negotiations," according to the Ovation website.

Ovation's niche long has been handling business travel for lawyers, hedge fund managers, entertainment executives and what Ovation chairman and CEO Paul Metselaar called "prima donnas."

EVP Michael Steiner said Ovation Reserve grew out of requests from clients, some of whom had left Ovation for other TMCs only to be "underwhelmed" by executive support. "At this point, it's mostly being driven from the corporate clients saying, 'We need a different solution for VIPs. We're happy with 90 percent or 80 percent of our travel, but we have a headache with the C-suite.'"

The New York City-based agency has dedicated sales resources to Ovation Reserve and has "identified approximately 600 corporations" that are ripe for this type of service, said Steiner.

Mega TMCs operate their own VIP desks and provide their own executive services. What sets Ovation apart? Like other high-touch agencies, Steiner talked up the quality of Ovation's frontline agents and their training for "service excellence." He said Ovation prides itself on lightning-fast response times for VIP travelers, whether they're reaching out by phone, email or another mode, and the agency provides commitments around those. Further, Ovation provides exclusive perks and special services programs, some based on relationships with suppliers, to deliver waivers, favors, specials and upgrades to VIPs and executives.

The agency already has partnered with The Ritz-Carlton Hotel Co., Park Hyatt and The Peninsula Hotels, as well as Dufl—which provides suitcase delivery, clothes laundering and storage—to extend special services through Ovation Reserve.

As for connecting Ovation Reserve with a

client's broader managed travel program for reporting, traveler tracking, expense management and monitoring supplier deals, "We'll integrate everything that's needed" with the primary agency, Steiner said.

Some clients already operate under this type of structure. Ovation is an affiliate of BCD Travel and has administered global programs in conjunction with them for years. "This is nothing new, where we're integrating our content with other TMCs," said Steiner. "This stuff is pretty standard fare at this point."

Each program would look different based on the structure and requirements of the clients.

Metselaar and Steiner said Ovation has discussed its new program with some megas. On the one hand, a specialty provider like Ovation could offload servicing of the most finicky travelers. On the other, its program could carve off the most lucrative travelers from an account.

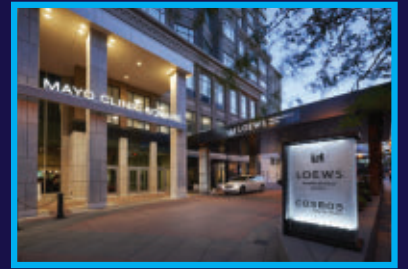
Metselaar viewed it as "a mutually symbiotic relationship, where we feed off and help the larger entity."

Steiner added, "Most [TMCs] would agree that they would rather partner with someone to get this right than have major risk issues with existing clients." ■

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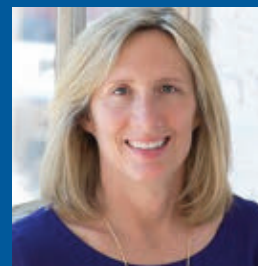
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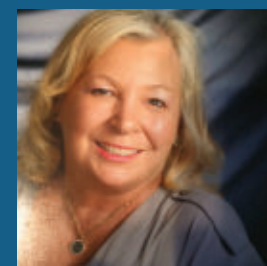
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## SMM Goes Global

Don't be afraid to move slowly, build trust & keep your eye on the data



Two corporate meeting managers for pharmaceutical companies are taking their strategic meetings management programs global. That said, meetings globalization isn't a quick rollout. Both Shire head of global meetings and events Monica Dickenson and Amy Perrone, procurement manager for meetings and travel at a major biopharmaceutical company in San Francisco, have multiyear strategies in play. While corporate culture and the complexity of the vertical bring challenges to the globalization process, they spoke with BTN meetings editor Elizabeth West about the unique strategies they're nonetheless pushing in 2017.

**Q** *What prompted your companies to pursue global strategies for strategic meetings management?*

**Monica Dickenson:** Shire acquired Baxalta less than a year ago. We found that each organization had a different way of managing its overall meetings program, so we are looking to create a level of consistency. As a starting point, that includes alignment on a global meetings policy and registering all meetings. While this seems simple in terms of SMM, we had to consider the [program] maturity between the two organizations, some of the quick wins to bring the meetings programs together, and understand what spend looks like globally. Also, in light of recent events in Fort Lauderdale, Paris and Brussels, we're really targeting

meeting registration as a form of crisis management and duty of care.

**Amy Perrone:** Our U.S.-based company was bought by the [global parent] several years ago and we've integrated as one company in a lot of ways, but meetings are still handled at the affiliate level. In the U.S., we've worked on pulling together the sourcing component and the data component of SMM. We've put some policies in place where we just had guidelines before. We are starting to pull good data and gain a lot of insights into our meetings. We also have some interesting data coming from meetings outside the U.S., with affiliates using our systems and entering data not related to our U.S. meetings business. They are getting creative in accessing resources they don't have but that they could really use. It has also shown that we have a significant amount of risk in the sourcing and contracting process in some of our markets outside the United States.

**Q** *Monica, you mentioned alignment with a global policy as a goal for 2017. Is your vision a blanket policy or does it have local market addenda?*

**Dickenson:** Our preference would be to have one global policy that is inclusive of all countries, but there are several complexities so we will have to determine an appropriate balance from a global perspective. First, different countries have differing regulations

that, at times, limit our options in terms of venue and meals. How do we create a global standard that can apply, whether it's an internal meeting or a meeting with a health-care professional? Our second task is to set up a service model and determine how that is interdependent with other policies and department operating procedures (e.g., compliance, finance, legal, etc.). For example, at legacy Baxalta, we had great adoption in Asia/Pacific in getting people to register meetings and utilize some of our global suppliers for venue sourcing and meeting planning support. In Europe, meeting organizers really wanted to do more local, in-country servicing. That's still the case at Shire, so we have to assess a few areas before we centralize. We shouldn't necessarily service our customers outside the U.S. from a U.S. provider, so do we set up a hub model? And, finally, language is important for a global company and for driving adoption and creating an inclusive program. We have a core group of about seven languages, but we know that doesn't cover everyone.

**Q** *Amy, would global policy be possible for your organization, which places such a high value on decision-making at the affiliate level?*

**Perrone:** Our parent company imposes few requirements on its affiliates. If we rolled out a credit card program or an expense tool, for example, affiliates can opt in or opt out. As a result, getting buy-in for a

standardized process or policy is met with a lot of resistance. Plus, in the U.S., we're 80 percent internal meetings and 20 percent congresses and trade shows. Globally, it's the exact opposite. Combine that with the different regulations per country and everyone having their own budgets, and standardizing policy and process has not been my goal. I think I have to go for a straight data play. I would need to figure out how to get some standard pieces of data out of these disparate policies and processes, and I don't know that it could go farther than that.

**Q** *With such a culture of self-determination, how do you expect to get the buy-in to capture standard data?*

**Perrone:** The company has hired in Europe for a role that is basically the same as mine. We look at this as a kind of joint venture, where I have some SMM structure in place that is delivering results but he is in Europe exploring the appetite for working cooperatively on this. He's Dutch; he speaks six languages. To Monica's point

**Q** *So Shire really is phasing out the global SMM? The initial policy and process may not be the final policy and process?*

**Dickenson:** In terms of getting the easy win on meetings registration, we are really looking to capture data to identify what and where meetings are happening and from a duty of care and crisis management perspective. In addition to keeping attendees safe, we want to understand exactly what the needs are in the local countries and regions first. Having a global managed program is something new for our organization, so we need to take the time and listen to the individual markets, then design the right approach going forward.

**Q** *To Amy's point, doesn't that really take more than gathering data through registration? It really takes a commitment to building trust.*

**Dickenson:** I'm actually going to Europe to speak with a group of key stakeholders about globalizing the program. It is important that we have a face-to-face because it's about trust and fostering relationships. Otherwise

## Meetings Mavens Talk Shop

GLOBAL VERSUS LOCAL MEETINGS POLICIES

BARRIERS TO BUY-IN

DELIVERING RESULTS TO LOCAL STAKEHOLDERS

TRAVEL MANAGEMENT & MEETINGS COOPERATION

say that it looks about right or that we might be missing a few things here and there, but they always say, "Wow." At that point, I've got those people making sure their people are [entering the meetings data]. They're seeing value in data; they're seeing value in security. Those are things that anybody anywhere would care about, so if you can start to deliver some of those pieces back to them, or show how you did it for others, you can build a lot of buy in.

**Q** *Both of you have a close relationship with travel management at your companies. How important is it for travel and meetings to understand one another and work together to build SMM?*

**Perrone:** I come from the meetings side, and I inherited travel management. Parts of our travel program are global: hotels, airlines and car rental to a certain degree. I have a colleague who manages TMC relationships. You need clear executive support for consolidating at this level. Without that, globalizing is very hard. I want to spend this year identifying where we actually have some demand in affiliate markets. I want to focus on where we know people would be interested in working with us and then building it from there. But we have to move slowly. By the end of the year, my goal is to have a plan and a strong sense of what can be accomplished and the value for the company.

**Dickenson:** Travel is not my scope but I do have a business partner in travel management, and we're aligned in the same department. While we maintain separate programs, it may be helpful as we roll out the global meetings program to consider ways to mirror parts of the travel program structure. For example, if travel created regional hubs, maybe we can leverage these in the same locations. This is the same strategy as it relates to local in-country servicing. With my close alignment with travel, I've been able to sit in some of their discussions about [how they want] the travel program to look in the future. That's helpful in terms of finding ways to align and integrate. ■

**"Having [a European counterpart] gives those local stakeholders a wider comfort level and better platform to build a relationship than having me in the U.S. trying to build those bridges."**

—BIOPHARMACEUTICAL COMPANY MEETINGS PROCUREMENT MANAGER AMY PERRONE

about the language of the policy and making sure the program perspective is inclusive, having him in that role gives those local stakeholders a wider comfort level and better platform to build a relationship than having me in the U.S. trying to build those bridges.

**Q** *Monica, you are the global head of meetings and events, but you sit in the U.S. Does that similarly put up barriers to cooperation or compliance?*

**Dickenson:** We do have some resources in Europe and quite a few event planning roles located outside of the United States, but there is a sense of this being a U.S. initiative. That's a perception we have to break down because that's not our intent. My goal is to align with the local resources, and I am taking small steps now to facilitate broader adoption later.

there again is this perception that this is a U.S. initiative that does not take the needs of those outside of the U.S. into consideration. My intent is to say, "Let's talk about it. I want to know what you're up against. How can I help you?" That has the strongest impact.

**Perrone:** Plus, there's more to trust than language and listening. There's also delivering results.

**Q** *Amy, have you been able to deliver results to some of the potential "buyers" for SMM on a global basis?*

**Perrone:** Here in the U.S., where we do have a policy, there's pretty high adoption because they see the benefit in the service. Also, everyone's using the tool and everyone's putting their data in, and that allows me to do something more for them. Now, [meeting organizers are] asking for data back out. I'll send them a report and they'll



## A Travel Buyer Trials In-House Ridesharing

Oce-Technologies procurement account manager Huub van Rumund is combining cost savings with team building by trying out ridesharing technology for employees traveling among company locations.

The printing and hardware manufacturer, which Canon acquired in 2010, has deployed Comovee, Sysware's carpooling technology tool, to maximize use of rental cars and taxis. Company travelers move a lot between headquarters in the Netherlands and a location near Munich, and van Rumund got the idea to use the tool when he noticed how many travelers were driving around those locations, each in his or her own rental car. "A lot of employees are traveling on the same flights, renting a car for one person when two or three other people are on their flight," he said. "Why couldn't we share those rides?"

Employees who sign up for Comovee can let the rest of the company know when they are renting cars and have extra seats. They also can use the tool to look for available rides and "book" the seat, in which case the tool shares contact information so the employees can coordinate. Should employees' plans change, they can cancel within the tool, which will notify all involved parties.

The tool also will help employees staying near the Munich location. Some of the preferred hotels are a few miles from the company location, so employees can use the tool to plan to share taxis, he said.

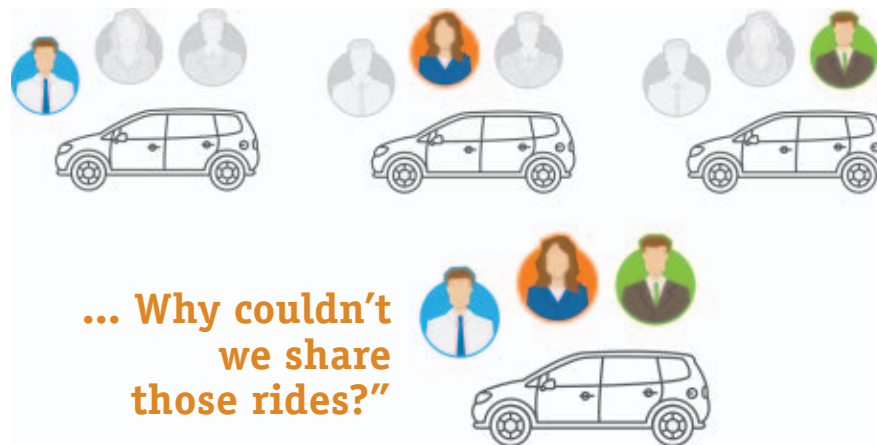
Those who have signed on total 114, or 70 percent of the company's frequent travelers, and van Rumund expects that to grow among the company's total pool of 2,000 travelers. The tool is in-

tuitive enough that it requires no training, so van Rumund is using the company's quarterly newsletter to inform employees of the opportunity.

Cost reduction, albeit "minor savings," is one goal. Should it generate enough interest, van Rumund estimates it could save the company between €20,000 and €30,000 per year in car rental costs. Besides that, a smaller number of car rentals lowers Océ's carbon footprint and gives employees an extra opportunity to interact, he said. "You can meet new colleagues, discuss a little about work and drop costs at the same time," van Rumund said.

Looking ahead, he would like to integrate the tool into Océ's agency. That way, employees could see the ridesharing option at the time of

**"A lot of employees are traveling on the same flights, renting a car for one person when two or three other people are on their flight. ...**



**... Why couldn't we share those rides?"**

booking. Plus, should a traveler cancel a flight, the tool would pick up the change in plans automatically. "It's a problem currently because agencies are all developing their own [ridesharing] programs and are not so fond of having an extra system," he said. "But never say never. It could be possible." ■

## Uber Was the Single Most-Expensed Supplier in the Fourth Quarter

Uber was the most frequently expensed vendor among all categories in the millions of expense reports processed by Certify during the fourth quarter of 2016. In all, Uber accounted for 6 percent of transactions, more than Starbucks, Delta or American Airlines.

In the ground transportation category alone, Uber made up 52 percent of transactions, and Lyft made up 4 percent. A year prior, in the fourth quarter of 2015, the two companies had combined to make up 42 percent.

The momentum makes sense,

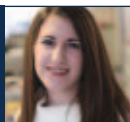
considering that the recently released Global Business Travel Association Business Traveler Sentiment Index found that half of corporate travel policies globally allow ride-hailing services. Acceptance has risen 6 percentage points since June. The survey, conducted in partnership with American Express, tabulated responses from 3,220 business travelers in Australia, Canada, Germany, Hong Kong, Japan, Mexico, the U.K. and the U.S.

While Uber still dwarfs Lyft in

terms of total share, according to Certify's fourth-quarter numbers, Lyft had a much faster rate of growth during the full year 2016, according to Certify.

Taxis, meanwhile, continued to lose share, accounting for only 11 percent of ground transportation transactions. Their share decreased 9 percentage points year over year.

On the lodging side, the sharing economy has not had as much penetration. Airbnb accounted for 0.27 percent of Certify's lodging transactions during the fourth quarter. By comparison, the most frequently expensed hotel brand, Hampton Inn, accounted for 8.8 percent. Even so, the number of Airbnb transactions for the full year has doubled since 2014. That, too, jibes with GBTA's findings that fewer policies, just 30 percent, allow homesharing services like Airbnb and HomeAway than allow ridesharing. ■



# Best Western's Plans for Its Newer Brands & Its White Label Franchise

Just six years ago, Best Western Hotels & Resorts—Best Western International at the time—used a single brand for its entire portfolio. It since has adopted tiers for the Best Western brand and launched four new brands. Now, the company is planning a rapid expansion of its new white label franchise model, SureStay Hotel Group.

BW began selling the franchise Dec. 1, COO and SVP Ron Pohl told BTN. It signed 30 hotels in the first 45 days, mostly under the SureStay and SureStay Plus brands. “We’ve had a lot of traction early,” Pohl said. “We have a couple hotels open, but we expect to have 100 hotels open by year-end.”

SureStay operates as a separate subsidiary from BW, but property owners can use BW’s infrastructure and distribution channels. BW’s sales team also will represent SureStay properties, something chief marketing officer Dorothy Dowling said will help BW offer more solutions to travel buyers. “We’re going to be in a lot of long-tail markets that we didn’t have with Best Western,” she said. “We’re going to have more opportunities for them, and they’re going to know that we stand behind that service commitment and the product.”

One of the criteria for owners to franchise with SureStay is a property rating of at least 3.5 on TripAdvisor. “In the buying community, when they buy to that premium economy or lower midscale, they want to be assured that their customer is going to have a good experience,” Dowling said. As part of the onboarding process, BW works with new franchisors for two to three weeks to ensure service will be a continuing priority. Another priority, Pohl said,

## Best Western Hotels & Resorts Brands:

- **Glo (midscale)**
- **Vib (midscale)**
- **Best Western (midscale)**
- **Best Western Plus (upper-midscale)**
- **Executive Residency by Best Western (upper-midscale)**
- **Best Western Premier (upscale)**
- **BW Premier Collection (upscale & luxury)**

## Plus a White-Label Franchise Subsidiary

- **SureStay (premium economy)**
- **SureStay Plus (midscale)**
- **SureStay Signature Collection (upper-midscale)**

is that the hotel has comfortable beds, free breakfast, a good shower experience and free Wi-Fi.

In development of BW’s own brands, Pohl said, the company will continue to build its presence in primary and secondary markets. “Certainly BW Premier and Vib are hotel products that are intended for primary and urban markets, which really are what we need from an inventory perspective to attract more business travelers,” Pohl said. “Premier and Premier Collection continue to be some of our fastest-growing brands aside from Plus. All of those are in primary and secondary markets.”

BW will open its first U.S. Vib hotels this year—one already opened in Turkey—in Springfield, Ill., Chicago Midway and Staten Island, N.Y. Two more are in the pipeline in Miami and one in Dallas. BW Premier boasts 28 properties in North America and 97 internationally, with a global pipeline of 58 hotels. Premier Collection, BW’s soft brand, has 16 properties in North America, 37 elsewhere in the world and 23 in the works globally.

The company also is nearing the finish line for its brand refresh, introduced in 2015. New signage with the company’s updated logos is on display at almost 1,200 hotels in North America, according to Pohl, and all hotels in the region will have the new signage in place by the end of the year. BW expects updated signs to be in place around the world by the end of 2018.

“Customer feedback is that [the refresh] is doing exactly what we’d hoped,” Pohl said. “It communicates that fresh image of Best Western and ties back to our new products and all of the investments all of our owners have made into their properties.”

The company, too, is revamping its Best Western Rewards program. Each member now has a digital membership card that provides easy access to his or her membership number, point balance and tier level, as well as member deals and offers. “We find more and more that [loyalty] translates into the business travel space because virtually every travel buyer today needs loyalty to drive compliance, so it’s certainly part of every conversation,” Dowling said. ■

# Hilton Rebrands & Launches New Flag

Hilton has dropped the “Worldwide” portion of its official name as part of a rebranding effort that also includes a new logo and renaming its rewards program from Hilton HHonors to simply Hilton Honors. With the rebranding, Hilton announced several Honors features that will roll out from now through April. Among the new features, Honors members will be able to use rewards points to shop on Amazon. Additionally, members will be able to pool or combine their points with as many as 10 friends and family members and will be able to use a combination of cash and points to redeem free stays.

Meanwhile, Hilton has launched the upscale Tapestry Collection brand, which will bring existing independent hotels into the company’s portfolio. Its Curio brand, launched in 2014, does the same thing in the upper-upscale segment. Mark Nogal, global head of Curio and Tapestry, said Curio called for four- to five-star properties and Hilton had found itself turning away hotels that existed more in the upscale segment. According to STR, there are 15,000 independent upscale properties around the globe, and that, Nogal said, represents a worthwhile opportunity to fill a “white space” in

Hilton’s brand portfolio, which now features 14 total brands.

Tapestry will start with seven properties in the U.S.: one each in Syracuse, N.Y.; Chicago; Nashville; Warren, N.J.; and Hampton, Va., and two in Indianapolis. The first Tapestry conversion is expected to launch sometime during the third quarter.

An additional 35 deals are in progress, all in the Americas. While Hilton has its sights set on urban and suburban markets, Nogal said, it’s looking at a range of properties, including resorts.

Now, there are more than 30 upper-upscale hotels in seven countries, and another 45 are in the development pipeline. When the Curio brand first launched, Nogal said, the focus had been on the leisure traveler, but the industry has seen more business travelers looking for unique, independent experiences. He expects the Tapestry brand similarly will play well with both segments. ■



## Spendesk Raises €2 Million & Launches Travel Payment Solution

Spend management provider Spendesk has raised €2 million (US\$2.2 million) from angel investors and pilot customers. Adding to its virtual card product suite, which is backed by MasterCard, the startup has launched a mobile app and a reloadable plastic card targeted at travelers.

The French company, which launched in June, will use the funds to expand its workforce, especially the marketing and sales departments, from its current 15 employees, according to Spendesk chief marketing officer Yasmine Guyot. Its more than 300 corporate clients in Europe process more than 3,000 transactions a week, and the company plans to expand to the U.S., “but that will take some time,” she said.

Spendesk offers single-use MasterCard virtual cards and reloadable virtual cards for regular monthly payments like software subscriptions.

The company also just introduced a third payment tool, a reloadable plastic card for offline expenses like hotels, meals and taxis. Card managers can load and unload funds as needed and configure Spendesk for automatic approvals, either of requests under a certain amount or of requests from certain employees. The mobile app alerts the traveler that the card was used and prompts him or her to photograph and upload a receipt. Spendesk piloted the offering with more than 250 users from October through its launch in January.

### Built-In Approval & Tracking

Through the Spendesk platform, travelers can request a virtual card or funds to be added to a reloadable card. Once approved, the administrator triggers the system to send the virtual card details to the traveler or the funds to the card.

The platform also tracks spend for the administrator. “The idea is that all the payments made with the card are then centralized on the dashboard that the CFO or accountant can follow in real time, and they can see who’s made what payments and when and whether an invoice is missing,” Guyot said. Airfare has been one of the biggest spend categories.

A company using Spendesk pays a monthly fee that depends on the number of users and the volume of spend processed a month. It’s not a credit solution but instead uses a company’s own funds, and therefore it targets small- and midsize businesses. Clients include music-streaming service Deezer, media company Webedia and Hostmaker, which manages Airbnb apartments in London.

“We’re working with a lot of SMBs and growing companies that find themselves in need of a simple solution to handle travel and expenses quickly,” Guyot said. “Since the money is taken from the account of the company, the employee doesn’t have to advance the money and get reimbursed so it cancels the need for expense reports or having to advance the money and get it back two months later.”

### Spendesk’s Reloadable Plastic Card

#### Step 1:



#### Step 2:



#### Step 3:



## Wex Automates Virtual Card Payments for Agents Booking on HitchHiker

Travel management companies that are mutual clients of payment solutions provider Wex and German flight aggregator and booking engine HitchHiker now can purchase airline tickets using Wex virtual cards without entering individual card information.

HitchHiker aggregates flight content from global distribution systems—including Sabre, Amadeus and Travelport—direct connections with airlines and other online booking tools. TMCs access the content through an API connection with HitchHiker or from the Hitchhiker Agent platform.

**“You don’t have to type anything ... and it will still be processed by the airline like any credit card number.”**

—WEX’S JAMES PRATT

After TMC agents select Wex virtual card as a payment option, HitchHiker creates a Wex virtual card and pays the airline. “Typically, what [the TMC agent] would have to do is manually enter whatever payment instrument they’re using; type in the number, expiration date and the rest; hit submit; and wait for it to process,” explained Wex SVP and general manager of virtual payments James Pratt. “Now we’re saying, ‘You don’t have to type anything ... and it will still be processed by the airline like any credit card number.’”

In October, Wex partnered with Argo, one of Brazil’s largest online booking tools, to provide a similar offering to Argo corporate and TMC clients. And in November, Conferma similarly eliminated the need for TMCs to create a virtual card in the Conferma platform and then copy and paste it into the Sabre reservation.

## DerbySoft Clients Now Can Pay with Conferma Virtual Cards

Clients of hotel technology solutions provider DerbySoft—which include corporates, travel management companies and online travel agencies—can pay with Conferma virtual cards through a new partnership. DerbySoft connects hospitality businesses to enable hotel distribution, similar to a global distribution system, explained Conferma global supply technology relationship manager

David Wood. He said DerbySoft also partners with the top 10 global hotel groups, central reservations systems and independent hotels in Europe and China. The partnership allows Conferma to work with global travel agencies, OTAs and other suppliers with which it has not previously worked and to expand the reach of its virtual cards. DerbySoft has offices in Europe, China, Japan and the U.S.



## Member Org for Aviation Data Security Plots Expansion

BY JOANN DELUNA

“Cybersecurity experts generally agree that it is not a question of if a company will be the victim of a data breach but rather when such a breach will occur,” according to an airline data security bulletin that law firm Condon & Forsyth posted on its website in the fall. The aviation industry has heeded the warning, as cybersecurity trade membership organization Aviation Information Sharing and Analysis Center will focus on growing its 28-member roster in 2017 and further develop the intelligence information its members value.

Each goal aids the other. “The more members that we have, the more cyberattacks in the aviation industry we have access to,” said A-ISAC director Jeffrey Troy.

A-ISAC analysts spend their days scouring alerts from member companies; data from threat-intelligence services; and publications, blogs and other websites for aviation-related threats. “The threats that our companies are worried about are more advanced threats, which are not going to be as prevalent,” Troy said, placing the average number that the organization addresses each day at tens or hundreds, rather than thousands. A-ISAC also communicates constantly with governmental partners, including the U.S. Department of Homeland Security’s National Cybersecurity and Communications Integration Center.

How does this impact managed travel programs? Corporations share a lot of sensitive traveler data with suppliers, and they need to ensure that their suppliers and their suppliers’ vendors have secure systems. Similarly, when data is compromised, corporations want to feel confident that their suppliers are doing everything in their power to minimize the damage. At stake are individuals’ privacy, identities, safety and credit scores, plus companies’ confidential information and the millions of dollars it could take to remedy the situation.

Companies have begun asking suppliers about their data breach practices and action plans, some even in their RFPs. Others establish indemnification clauses in their supplier contracts. In response, suppliers that are members of A-ISAC can point to the organization’s industrywide efforts to protect data.

### Aviation-Specific Cybersecurity

Industry-specific ISACs began in 1999, after the federal Presidential Decision Directive 63 required “critical infrastructure sectors,” such as finance and manufacturing, to establish such organizations. It wasn’t until 2012, however, that a working group commissioned by the Aviation Sector Coordinating Council determined there was a need for an aviation ISAC. “Because of the global piece, the aviation industry [decided] that we, probably more than any other sector, needed to drive this global collaboration so that we can reduce risk and exposure [to] an attack,” Troy said.

The aviation industry is unique, he said, because it is globally interconnected and segments of the industry are interdependent. “Systems must all be secure and be functioning well so that no one member of the whole ecosystem becomes unproductive due to an attack on one piece of the system.” A cyberattack that occurs elsewhere in the world can affect the U.S. significantly, “as many of the systems that support U.S. systems also support the aviation sectors on the whole planet,” he said.

Airlines make up the majority of members, but participants also include aircraft, engine, avionics and in-flight entertainment system manufacturers and service providers like Airlines Reporting Corp. “We’re in discussion with some airports,” Troy said. “That would be another important industry segment for us to bring onboard.”

### How the Aviation Information Sharing and Analysis Center Came to be:



Presidential Decision Directive 63 requires critical infrastructure sectors to establish Information Sharing & Analysis Centers



Aviation Sector Coordinating Council decides aviation should join the club



A-ISAC reaches 28 member companies

Sabre—which serves about 225 airlines and 700 other customers like airports, cargo carriers, charter airlines, corporate fleets, governments and tourism boards—joined A-ISAC in 2015, and the global distribution system believes more companies from across the industry should join. “As cyber threats continue to grow throughout the industry, information sharing also grows in importance” because it will “better position all participants to improve our defenses,” a Sabre spokesperson said.

### What It Means to Be a Member

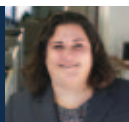
The \$50,000 annual membership includes weekly summaries of incidents and analytics, four workshops a year, an annual summit with industry experts that includes an emergency simulation, access to an information-sharing platform where members can report incidents, and other collaboration opportunities.

A-ISAC is looking for members that want to do more than consume intelligence, though. “There’s a lot more to be invested than just a fee,” Troy said. “We’re looking for the engagement of their analysts with ours and participation in the workshops. ... There’s a process they need to go through to see if they can make the commitment and if they have the capabilities to contribute, as well as benefit from being in this partnership,” Troy said.

Unless a company agrees otherwise, the association keeps its membership anonymous to prevent companies from becoming data breach targets. The organization also allows companies to report attacks anonymously. However, it pushes for parties to identify themselves, as it helps analysts evaluate events and understand the attackers, especially as others report similar attacks.

Troy offered loyalty program breaches as an example. “If you’re an attacker, you don’t care if you steal the loyalty program points from airline A or B. You just want the airline ticket or you want to convert the points into cash.” He added, “It’s likely someone else or many others in the industry are being attacked for the same information.”

That’s where an organized community of members comes into play. “The whole purpose of the association is basically to recognize that it’s more often that the industry is attacked than one member of the industry,” Troy said. ■



## Airline Reservations & Data Security

BY JAY BOEHMER

The way the travel industry stores and protects reservations data is insecure and vulnerable, Security Research Labs' Karsten Nohl and Nemanja Nikodijevic showed at a recent Chaos Communications Congress hacking event in Europe, demonstrating for attendees just how easy it is to access travel records.

They said the vast majority of airline reservations are held by at least one of the three major global distribution systems: Amadeus, Sabre and Travelport. Pre-Internet security practices are prevalent, the researchers noted. It is not just the GDSs but also travel suppliers and agencies whose security infrastructure is lacking and provides easy access to travel records.

The industry-standard six-digit record locator issued when reservations are made is a major factor. Anyone with a locator number and a passenger's last name can access other itinerary details, frequent-flyer information, name, phone number, email address and other contact details, the presentation showed. Sometimes, date of birth or passport details can be improperly accessed, as well.

### Passenger Name Record Pitfalls

- PNRs are available through too many entities.
- Six-digit record locator makes for extremely weak authentication.
- Many sites do not limit the number of failed attempts to view reservation details.
- Reservations databases do not track log-ins.

Those with greater access to reservations systems—travel agents, for example—could access payment information and IP addresses.

Little of this requires sophisticated hacking. In many cases, the authentication information is printed on boarding passes and luggage tags. These scraps of paper are in public view as travelers move about. Many people even snap photos of their boarding passes and post them on social media outlets like Instagram.

Those who access sensitive information could alter reservations, divert frequent-flyer miles, invade privacy and engage in targeted scams, the researchers noted.

"The GDSs have to do their share, but each of the interconnected airlines has to do their share," said Nohl. Shifting away from six-digit record locators would be a long-term fix. In the meantime, sites that provide access to reservations details through record locators, including airline websites and GDS-owned itinerary managers, should put in a "bare minimum of Web security" like CAPTCHAs.

Already, the research has prompted Amadeus to bolster security of its CheckMyTrip itinerary manager. Meanwhile, Sabre commented, "Unauthorized access to a traveler's personal or travel information through the GDS is highly unlikely because we have numerous layers of security in place that restrict access. It is incumbent upon other stakeholders in the travel ecosystem to adopt similarly strict security measures when using Passenger Name Records data."

Travelport commented that it has invested in security and recently achieved ISO 27001 compliance. ■

## TripActions Launches 'All-in-One' Travel Booking & Management Tech

BY JAY BOEHMER

After a year of testing and pilots with clients, TripActions is officially launching. TripActions bills its offering as "all-in-one travel management technology" that provides travelers with online booking and in-trip mobile technology, a rewards system for beating budgets and offline agent support. For client companies, TripActions promises simple, all-inclusive pricing, policy management, the ability to load discounts, data reporting and savings.

TripActions formed in 2015 and spent much of last year in alpha and beta testing. It claims 70 customers so far, including SurveyMonkey, eHarmony and Jive. It started small but increasingly is targeting larger companies. "At the beginning, it is easier to meet the goal of the small market," said co-founder and CEO Ariel Cohen. "After we launched our beta in May last year, we started to get into the midsize: 500 to 1,500 employees. We feel very comfortable there, but we keep pushing the envelope up toward the bigger companies."

TripActions is not a travel agency, but

it acts like one. Its services include round-the-clock U.S.-based offline support via chat, email and phone. The agents are its own, not outsourced to another agency. "It's impossible to do that outside," he said. "We need the agents to see all of the information through our system."

Where it does use other agencies is for content and fulfillment. TripActions taps into Sabre but also has partnerships with Priceline, Booking.com and travel management company S.R. Travel. Those relationships are not exclusive. Cohen envisioned more travel inventory coming into the system, through other travel agencies or supplier-direct deals. "It's really about bringing a lot of choice," said Cohen. "The magic here is to combine all of these inventories, to present it in a way that will make sense to the user and then create a lot of choice and savings."

Savings is a major premise of TripActions. It is the latest startup to use incentives to encourage traveler decisions that drive savings. Others in this vein include Rocketrip and, also out

of beta in January, Upside.

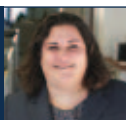
TripActions' rewards system sets budgets based on current and historical travel prices. When a booker comes in under budget, he or she gets TripBucks, which are redeemable for gift cards, upgrades and travel credits. The startup's tech is available online and on mobile devices. The mobile features, capable on iPhone and Android, include booking, itinerary management, in-destination information and flight notifications. It also hooks in Uber for ground transportation.

Co-founder and chief technology officer Ilan Twig said TripActions is constantly adjusting its algorithm to refine the search options presented and to tailor results to individual users, based on their preferences and behaviors.

The company charges a flat booking fee, which includes full access to all technology, reporting and offline support. "If you call to make a change, there's no additional fee," said Cohen. TripActions also has vendor and intermediary relationships to incorporate back-end revenue into its business model. Cohen said the per-booking fee charged to clients "starts as low as 10 bucks, but it can really be different based on the company's needs and the type of travel that they do." Some very early clients received zero fee pricing.

TripActions claims simple setup, enabling companies to set policy, to onboard users and to use the system within two weeks.

It also enables administrators to tweak policy controls, define approvals processes and add or delete users, among other management features. The software also provides reporting on booking and travel spend. ■



# American Airlines Will Add Sales Staff in 2017

BY MICHAEL B. BAKER

American Airlines plans to beef up its corporate sales force this year in an effort to gain market share, executives said during the carrier's earnings call. "As we look at the number of contracts we have relative to our primary competitors, we have fewer," SVP of network planning Andrew Nocella said. "We're going to close that gap over the next 12 months."

American grew its corporate share in the fourth quarter, as it had the previous three quarters, president Robert Isom said. The sales team, however, has not had the necessary "boots on the ground to deal with corporate contracted revenue," Nocella said. Alison Taylor, who joined American to lead its global sales team in September, also will help the carrier make gains, he added.

Echoing the experience of both Delta and United, American noted a bump in corporate travel volume following the U.S. presidential election, particularly in the banking, financial, industrial

**"As we look at the number of contracts we have relative to our primary competitors, we have fewer. We're going to close that gap over the next 12 months."**

—AMERICAN AIRLINES' ANDREW NOCELLA

and entertainment segments, Isom said. Operating revenue increased 1.7 percent year over year during the fourth quarter to \$9.8 billion.

Traffic declined 1.3 percent as American increased capacity 0.4 percent, causing load factor to drop 1.3 percentage points to 81.4 percent. Yield, however, increased 1.8 percent, and unit revenue was up.

Isom said the domestic pricing environment was stable during the quarter, and American stands to gain leverage in corporate pricing when it introduces its Basic Economy fare next month. The segmentation will weed out the lowest fares from corporate buyers, who largely have expressed no interest in using the fares. "As we've talked to corporate customers, they don't want us to distribute it to them because they don't see it as attractive," SVP of revenue management Don Casey said.

American also plans to refile for an expanded joint business agreement with Qantas, a plan rejected by the U.S. Department of Transportation last year because of competition concerns. American Airlines executives expect a friendlier reception from the DOT under President Donald Trump. "There are lots of consumer benefits, so we're anxious to make our case and get a fair review," Nocella said.

American reported a net income of \$2.7 billion for the full year 2016, compared with a net income of \$7.6 billion in 2015. The 2015 profit included a \$3 billion income tax benefit. ■

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# India's 2016 Business Travel Spend Expected to Hit \$33B

BY JOANN DELUNA

India is one of the fastest-growing economies in the world, and the business travel spend that originates there is expected to reach \$33 billion in 2016 once the final tally is in. That's up from \$29.6 billion in 2015, according to a Global Business Travel Association report.

"Our general outlook for Indian business travel spending remains very positive and has even improved slightly since our previous outlook," issued about six months ago, the report noted. In July, GBTA had estimated that business travel spend growth from the second quarter of 2015 to the second quarter of 2016 would come in at 10.2 percent. Now that those numbers are final, GBTA has found that business travel spend grew 10.9 percent during that period.

GBTA also has revised its growth estimate for India's international outbound business travel in 2016 from 3.1 percent to 5.4 percent. And the association projects faster growth this year. "The brightening prospects for increased trade activity, especially with the oil-rich [Middle East and North Africa] region, should help to push [international outbound business travel] spending forward by 9 percent in 2017," according to the report.

GBTA expects domestic business travel spend, which it estimates represented 91.4 percent of India's total business travel spending in 2016, to increase 12 percent to \$30.2 billion in 2016 and to reach \$33.8 billion in 2017.

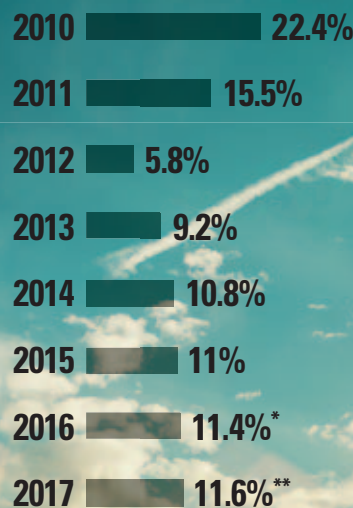
At the end of 2015, India became the 10th largest global business travel market, and GBTA expects the country to climb into the sixth spot by 2019.

## The Challenges

"India's inadequate infrastructure continues to present a significant bottleneck for [economic] growth, but vast improvements are in the pipeline," including Prime Minister Narendra Modi's plans to improve ports and transportation and urban infrastructure, according to GBTA.

To fight corruption, the shadow economy, inflation and counterfeiting, Modi announced in November that 500 rupee notes and 1,000 rupee notes no longer would be legal tender. "While the goal of greater financial transparency is laudable, the move could also dislocate legitimate economic activity, especially in the short term," GBTA said. ■

## Change in Business Travel Spend Originating in India



\*Not finalized \*\*Forecast  
Source: GBTA



# Etihad CEO & CFO Will Resign

BY MICHAEL B. BAKER

Etihad Aviation Group president and CEO James Hogan will leave his position in the second half of this year. Hogan has been in the position since 2006. Since then, the carrier has grown from a regional fleet of 22 aircraft into a global aviation company with 120 aircraft, according to chairman Mohamed Mubarak Fadhel Al Mazrouei. Etihad also has created a partnership network by investing in carriers like Airberlin, Air Serbia, Alitalia and India's Jet Airways. A year ago, BTN named Hogan one of its 25 Most Influential for creating that network.

With Hogan's departure, Etihad will "continue an ongoing, companywide strategic review"

**"We must progress and adjust our airline equity partnerships even as we remain committed to the strategy."**

**— ETIHAD AVIATION GROUP CHAIRMAN ON THE COMPANY'S PLAN TO CONTINUE ITS STRATEGIC REVIEW DESPITE THE CEO JAMES HOGAN'S PLANNED RESIGNATION**

to "ensure that the airline is the right size and right shape," Mazrouei said. "We must progress and adjust our airline equity partnerships even as we remain committed to the strategy."

According to Bloomberg, Hogan said most of Etihad's investments have become profitable, but Airberlin and Alitalia presented "greater challenges." Airberlin already announced a restructuring plan last year in which it will trim its fleet, spin off leisure-focused flights into their own business unit and lease 40 aircraft to the Lufthansa Group. Meanwhile, Etihad is "actively participating" in a restructuring plan at Alitalia.

Etihad CFO James Rigney is leaving alongside Hogan. Both are joining an investment firm. ■

# Delta Moves to Increase Aeromexico Stake

BY MICHAEL B. BAKER

Delta has launched a cash tender offer to acquire up to an additional 32 percent of Grupo Aeromexico's shares through the Mexican Stock Exchange for 53 pesos (US\$2.61) per share. Delta currently owns 4.2 percent of Aeromexico's shares with options to acquire an additional 12.8 percent, so the new offer, which requires Aeromexico shareholder and Mexican antitrust approvals, gives Delta the

option to acquire up to 49 percent of outstanding shares. The U.S. Department of Transportation in December gave final approval for a joint cooperation agreement between Delta and Aeromexico, and the carriers currently are working to implement conditions required of that approval, including divesting transborder slots in New York and Mexico City. ■

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## Shift from Saving on Sourcing to Total Cost of Ownership

BY BILL KERR

The days of driving high year-over-year contract savings are gone for corporate travel buyers, especially for mature global programs. The hotel market still belongs to sellers, at least on a global basis, while major air carriers have exercised capacity discipline. In addition, new technologies and tools are pressuring the traditional model of bundling travel program services within the agency relationship.

It's time for a new approach. Total Cost of Ownership, used successfully in other parts of the organization, accounts for and optimizes all cost factors, visible and hidden, within the travel, meetings, payment and expense management ecosystem. This should be the year for ditching traditional thinking in order to deliver incremental results. An added incentive for programs to commit to new thinking are the CFOs and chief procurement officers who are charged with leading initiatives that deliver innovation to their organizations but are hard pressed to find new sources.

Leaders filter the initiatives competing for executive sponsorship, budget and capacity by how well they directly support the broader company's strategic priorities. Spend control and cost takeout will always be a top priority, but many companies now prioritize other areas, such as employee experience, process efficiency and risk management, which support these imperatives. Examples include, "We will be the best place to work," "We will become the leader for efficient and effective delivery of ..." and "Our priority is a safe and productive work environment."

**This should be the year for ditching traditional thinking in favor of a broader strategic approach, especially for mature global programs seeing diminished sourcing returns yet still charged with delivering incremental results.**

The TCO approach shifts the spotlight from traditional models to a broader, holistic strategy focused on integrated workflows, policy, bypass, driving card spend, general ledger reimbursement and expense management customization. Most programs do not capture, do not manage and thus do not leverage their total spend. If traditional sourcing takes out only 1 percent to 3 percent of incremental costs annually, the statistics on spend capture at right point to an opportunity to deliver double-digit results by engaging senior leaders and securing their support to shift focus from traditional tactics to a holistic TCO approach.

Adopting a senior leader-supported TCO strategic initiative affords an innovative opportunity for travel programs to break out of the rut of traditional management and counter pressures from external market factors and diminishing sourcing returns.



Bill Kerr is chief marketing officer for TCG Consulting.

### Benchmarks Aggregated from 28 TCG Global Engagements from 2014 to 2016:

- The traditional direct spend reporting via agency operational enablers for air, hotel & ground transportation captures only 59% of total program visible spend.
- 11% of spend bypasses contract rates.
- 29% of spend falls outside policy guidelines.
- Many global programs fall short of the 84% benchmark of spend driven through corporate card programs.
- On average, an additional 14% of costs over and above general ledger reimbursed expense amounts are hidden, such as workflows, reconciliation, expense processing, audit, program management & certain fees.

### Total Cost of Ownership Pillars

Following are portions of TCG's total cost of ownership management approach for integrating travel, meetings, payment and expense management.

**1. Align:** Map the desired outcomes to broader company objectives.

**2. Integrate:** Shift the program from a tactical function to a strategic initiative. Build the business case to obtain senior leader support. Prioritize travel, meetings, payment and expense management suppliers whose platforms enable a TCO approach. Provide key stakeholders with seats at the table and connect the dots on how an initiative supports their goals. Travel managers focus on cost takeout, compliance, user acceptance and operational support; HR on an enhanced user experience that drives employee retention and on reduced administrative burden; accounting on a better reconciliation and audit process; procurement on data-driven support in order to optimize supplier agreements; IT on aligning systems and technologies, including effective mobile platforms; risk management on effective traveler tracking; and marketing on optimizing meeting spend and reducing risk.

**3. Comprehensive analysis:** Aggregate agency, card, general ledger and other ecosystem data, such as workflows, to capture true program spend, both visible and hidden. Build data-driven business cases for key target enhancement areas like savings, spend oversight, process/productivity, management reporting or supplier leverage.

**4. Reduce bypass spend:** Improve processes and policy to drive user acceptance and improve spend oversight and management reporting to target the 11 percent of spend that bypasses contracted rates, plus the 29 percent of general ledger reimbursed spend that falls outside policy.

**5. Results:** Capturing, leveraging and optimizing total visible spend and substantial hidden costs drives double-digit ROI. Traditional sourcing tactics deliver only 1 to 3 percent in incremental cost takeout. ◀

Business Travel News (USPS 0728-870, ISSN 8750-3670) February 20, 2017 Issue 813 Vol. 34, No. 2. Business Travel News is published monthly except semi-monthly in March, April, May, August, September and October by Northstar Travel Media, LLC, 100 Lighting Way, Secaucus, NJ 07094 (201) 902-2000, and is distributed free of charge to qualified corporate travel buyers and travel agents specializing in business travel in the United States and Canada. The cost of a print subscription to non-qualified subscribers is \$129 in the U.S.; \$142 in Canada and Mexico; and \$210 in other foreign locations; the cost of a digital edition subscription is \$65; payable in advance in U.S. dollars. Registered for GST as Northstar Travel Media USA GST No. 264513185. Canadian GST #123397457. Periodicals postage paid at Newark, NJ, and additional mailing offices. Business Travel News is a trademark owned exclusively by Northstar Travel Media. Copyright © 2017 by Northstar Travel Media, LLC. Reproduction of this magazine, in whole or in part, is prohibited unless authorized by the publisher. Editorial and advertising offices: 100 Lighting Way, Secaucus, NJ 07094. For all circulation inquiries, including new subscriptions, renewals, cancellations, changes of address and problems with missed deliveries, contact customer service by mail at Business Travel News, P.O. Box 47655, Plymouth, MN 55447; by phone at (800) 869-6882; fax at (866) 658-6156; e-mail at btn@kmpsgroup.com; or www.businesstravelnews.com/subscribe. POSTMASTER: Send change of address to Business Travel News, P.O. Box 47655, Plymouth, MN 55447. Printed in the USA.



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