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BUSINESS TRAVEL NEWS

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## TOP STORY



# Different Routes to Traveler Engagement

Traveler engagement can be an elusive destination, and travel managers pull multiple levers to get there. Travel risk management has taken a higher profile for engagement, with the idea that travelers will value a program that keeps them secure. That concept is playing out with ITW global travel manager Cathy Sharpe's new TRM strategy, though engagement certainly wasn't her primary driver for improving traveler safety. Roivant's Jessica Courtney made a more direct play for traveler mindshare when she launched travel management at the startup pharmaceutical company. She's capturing travelers with an incentive program. Two different companies and two different strategies, and both are getting engagement.

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## DISTRIBUTION

# Lufthansa Now Sells 'Best Fares' Exclusively Through Direct & NDC Channels

BY JAY BOEHMER

Effective this month, Lufthansa Group airlines will sell their "best fares" exclusively through direct channels or via New Distribution Capability-enabled application programming interfaces.

The airline group also plans to offer additional frequent-flyer miles for travelers who book on its websites or through NDC pipes. The group's plan to further differentiate the fares and perks it offers through direct and NDC channels poses a content gap for those booking through global distribution systems, which already are subject to booking surcharges.

Among changes, Lufthansa Group carriers will make their lowest-priced options for Light and Classic economy fares available exclusively via direct distribution and NDC booking channels.

"The new offer will extend to all Light and Classic fares for a range of European routes" from four key European hubs in Frankfurt, Munich, Vienna and Zurich, Lufthansa stated last month.

Light is the group's lowest-priced, nonrefundable economy option for intra-Europe travel and includes only carry-on

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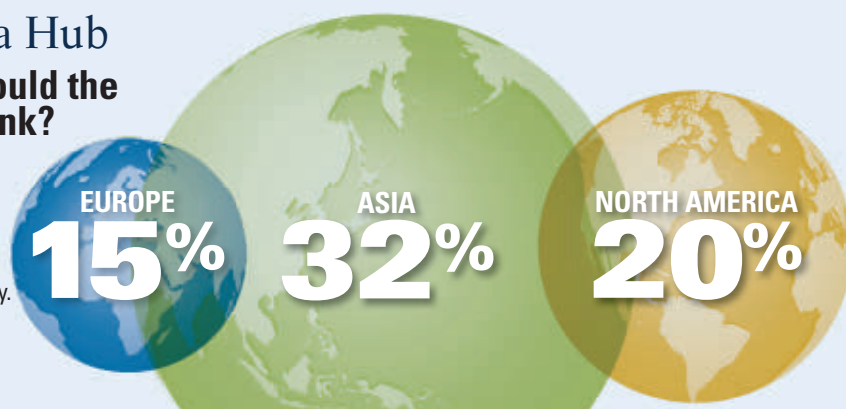
WTMC CEO Sarosh Waghmar on upending managed travel distribution & financial models

"I am not dependent on putting everything in the GDS. If it's not available there, we find it elsewhere and push it to the client. I've never taken GDS incentives. Why not challenge the status quo?"

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That worry has caused some travelers to take a pass on leisure travel. Here's how many.



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# Seamless Global Services Tops Delta's 2018 Priorities

BY MICHAEL B. BAKER

"Seamless connectivity" across Delta's global partnership network will be a focus this year, Delta president Glen Hauenstein said at the recent Delta Insights conference. The global needs of Delta's corporate customers have been accelerating rapidly, managing director of sales development Frank Hull said. Over the past three years, the number of corporations with international point-of-sale deals has doubled, and over the past decade, it has increased eightfold, he said.

Part of that seamlessness will occur as Delta and its partners better line up product offerings, such as the Virgin Atlantic fare structure announced last month. Delta also is making check-in and seat selection across carriers available through any portal, said president of international and EVP of global sales Steve Sear. Hauenstein said, "We think that's where the next wave of success will be. Customers were frustrated that they didn't get the same products and services on different carriers."

That will include some work on the sales side. The carrier already is working on how it directs calls to help centers from travelers flying across different carriers, said global sales support managing director Tina Iglie. All Delta partners have a "bat phone" through which partners can reach sales support to answer questions, and the

**"Customers were frustrated that they didn't get the same products and services on different carriers."**

—DELTA'S STEVE SEAR

partners also are embedding their own members into each other's teams, she said.

Delta is globalizing its Delta Edge portal for travel professionals, as well, Sear said. "It ultimately will be defined as a JV Edge," he said, referring to the abbreviation for joint venture. "Our partners are working toward being able to provide the same recognition of travelers throughout the journey."

The carrier has invested significantly in establishing JVs over the past few years, including a combined JV with existing partners Air France-KLM and Virgin Atlantic, one with Korean Air, and another with WestJet that is awaiting regulatory approval. Alitalia's role in that JV remains uncertain as it navigates its way out of bankruptcy protection, but Sear expects Alitalia ultimately will be a part of it. "It will probably be another six to 12 months before they decide what will happen," he said. "We want them to be able to stay as a part of our JV, and I think they want to, as well."

### Operational Improvements

While Delta has continued to outpace its competitors in on-time performance and cancellations, it continues to seek ways to improve in that area, executives said at the conference. This year, it is focusing on recovery from irregular operations. "How do we get back to 100 percent in 24 hours instead of 48 hours?" is an example Hauenstein cited. "What are constraints in keeping us from getting back on track faster?"

SVP of flight operations Steve Dickson said Delta is undergoing a "digital transformation," including re-architecting IT systems and examining flight crews' schedules to make them as efficient and flexible as possible. The carrier also is working with technology that allows it to gate aircraft safely during thunderstorms. ■

## Travel Leaders Group Faces Sexual Harassment Suit

BY JAY BOEHMER

Former Travel Leaders Group SVP of hotel strategies Mabelle Meyaart has sued her former employer and two high-ranking executives on a variety of claims related to the U.S. Equal Pay Act, sexual harassment, negligence and defamation. According to the complaint, she was "at various times, passed over for promotions, demoted, underpaid, had bonuses reduced over time without justification, denied salary increases, denied equal pay, defamed, unfairly criticized, propositioned for sex, harassed, and ultimately wrongfully terminated without cause." All of this, the complaint contended, despite Meyaart's "proven track record of success and competencies."

Meyaart worked for the company for about five years until, as the complaint alleges,

"she was unceremoniously and wrongfully terminated without cause under false pretenses supposedly because of a bogus 'elimination of her position' in or around July 24, 2017." She filed the suit in February in a Florida state court, where she was based when employed by Travel Leaders. Because the complaint includes questions of federal law, it is being heard by a U.S. district court in Florida. Meyaart is seeking a jury trial and damages for lost wages.

In a court document, Travel Leaders denied the allegations: "Any and all actions defendant TLG took with respect to plaintiff's employment were for legitimate, non-discriminatory, and non-retaliatory reasons and were taken in the good-faith exercise of reasonable business judgment." The com-

pany asked for the action to be dismissed "with prejudice in its entirety," for a judgment in its favor and to "be awarded its costs, including reasonable attorney's fees incurred in defending this lawsuit."

Also named as defendants are Travel Leaders Group CEO Ninan Chacko and Travel Leaders Network and Leisure Group president John Lovell. The latter, the suit alleges, "solicited Mrs. Meyaart for sex, made lewd comments, leered at her and commented on her appearance repeatedly over the years." The complaint described her "as just one female employee of many others similarly situated," claiming that other "me too" examples would be provided in the course of the case.

The suit alleges that her treatment was the "manifestation of Travel Leaders Group's warped corporate culture that can be described, generally, as toxic, male-dominated, good 'ole boy, misogynistic, and dysfunctional, which victimized and discriminated against women." The suit claims the company's culture is known to executives, board members, suppliers and partners of Travel Leaders and that some high-ranking officials who are not named as defendants have been complicit, including Travel Leaders' general counsel and an HR leader. ■



# WTMC Aims to Upend Distribution & Financial Models

WTMC CEO Sarosh Waghmar is breaking away from entrenched corporate travel industry paradigms by building proprietary technology and pursuing a New Distribution Capability strategy that he says will make established global distribution systems just another shelf for travel content. WTMC, formerly called W Travel, has kept a low profile, yet the company has been name-checked as a partner of artificial intelligence innovator Mezi and by the International Air Transport Association as the first travel management company to achieve Level 3 NDC certification. The agency has NDC connections with American Airlines and is the first U.S.-based agency testing NDC connections with British Airways. It has plans to do the same with Delta, United and Lufthansa. The connections themselves are “no big deal,” said Waghmar. It’s the process after accessing the content that requires the heavy lifting. He spoke with BTN editor-in-chief Elizabeth West.

### YOU WERE A BUSINESS TRAVELER AS A DELOITTE CONSULTANT. HOW DID THAT SNOWBALL INTO FOUNDING A TMC?

I came to the United States in 1994 from Bombay on a computer science scholarship at The University of Texas. My first job was at Deloitte. I consulted on and implemented end-to-end data warehousing and e-commerce. As a consultant, you travel a lot, so you get exposed to frequent-flyer points. I became obsessed with product, cabin classes and loyalty programs. We had American Express [as the in-house agency] at Deloitte, but it got to the point that Amex agents were calling me to figure out the best way to book travelers. I had this ability to connect the dots and see the patterns with miles, airlines and routes.

### YOU LEFT DELOITTE AFTER TWO YEARS, AND I UNDERSTAND YOU WERE SCRAPING BY FOR A WHILE.

The tech market crashed in 2002. Everything was put on hold and I was stranded. I had no job. I was on my last savings. I came across this promotion: You could buy magazines, [get frequent-flyer points] and transfer the points to Starwood. At that time, you could still fly the Concord. BA had the biggest route, New York to London, but it cost \$18,000 to \$20,000. I figured out that if I bought the magazine, transferred to Starwood and then transferred to Qantas—Qantas was a partner of BA—I could get a Concord ticket for \$860. I put ads on eBay that I could get a Concord ticket for \$3,000. I was not selling miles; I was getting paid as a consultant. I did a similar thing with a Kellogg’s Special K cereal promotion with American Airlines. In the end, I donated 12,000 pounds of cereal; I got a tax write-off and I developed a lot of knowledge around where people travel, why and what they spend.

### YOU PARLAYED THIS SKILL INTO TRAVEL AGENCY WORK.

Around 2003, I learned how travel agencies got discounts for business class airfares. So I learned Sabre. I had been interviewing with all these venture capital firms at the



WTMC’s Sarosh Waghmar talks:

- Putting clients first
- New Distribution Capability
- Travel management company financial models



Read more of BTN’s Q&A with Waghmar at [www.businesstravelnews.com/interviews](http://www.businesstravelnews.com/interviews)

time, but I stopped that and instead started calling them about business class travel discounts. I knew what these guys wanted: miles, nonstop flights, Wi-Fi on board, seat pitch. Typically, TMCs just give a published fare and then keep the discount as a commission. I wondered why I wouldn’t give that back. I grew from a one-person shop in 2003 to a 20-person shop in 2012. I’m amazed when everyone says there is more money in hotel.

### YOUR EARLY FOCUS WAS SERVICE, BUT YOU’VE POSITIONED WTMC AS A TECHNOLOGY COMPANY WITH A STRONG NDC BIAS. PUT THE PIECES TOGETHER FOR ME.

The more I learned about the TMC business, the less it made sense to me. TMCs pass business to regional partners because they don’t have a setup in certain regions; they have different GDS [agreements] and revenue and segments. [Traditional TMCs operate as if it’s] impossible to provide that service globally without partners. But even with partners, it doesn’t go well. Let’s say you need to change a London-to-Hong Kong flight. You originally booked from the U.S. because that is where you are based, but [now] you are in London, so you call up the London American Express. They have to call up Amex in the U.S. to find the reservation. They may or may not find the fare, or they may find different pricing. The customer is logging on to Expedia in the U.K. and they see the fare right there and ask why the company is saying it’s not available. It’s all the GDS segments and all the back-end money they are getting. I want to build out the entire platform to provide one global TMC that puts the client first and doesn’t worry about GDS incentives.

### HOW ARE WTMC AGENTS DIFFERENT?

Our agents don’t sit in front of one PC, they sit in front of 150 cities. I can issue tickets on Japanese low-cost carriers, [for example,] sitting in one place. If a traveler needs to fly Hong Kong-to-San Francisco, it’s \$12,000 on Cathay Pacific but I can purchase in Hong Kong and buy it for \$8,000 locally when converting to dollars. I am not dependent on putting everything in the GDS. If it’s not available there, we find it elsewhere and push it to the client. I’ve never taken GDS incentives. Why not challenge the status quo?

### HOW DOES NDC FIGURE INTO THIS STRATEGY?

The first question about NDC that I asked Cory [Garner] at American: “You will guarantee that I can pull out a fare from Sydney to Los Angeles while sitting in New York. You will give me access to all of this so I can do any AA flight anywhere in the world from one site, one connection.” He said yes. I asked him about upgrading flights for my [American Airlines] Concierge Key VIPs to go from economy to business instead of sitting on a phone line. NDC gives me the ability to control the entire customer experience.

### WHAT STOPS YOU FROM FLIPPING THAT SWITCH TODAY?

Connecting through NDC is no big deal. How I am going to consume it and how I am going to push it—this is the challenge. One is displaying content to you, but let’s say you buy one segment via NDC and one segment on the GDS. Where is it stored? In Sabre? In North America, there are only two mid-office systems: [Cornerstone’s] IQXC and [Concur’s] Compleat. WTMC has to build the mid-office technology to consume NDC [and] GDS content. If I don’t, I can go live with American Airlines right now, start purchasing tickets and push those out to the client, but then I still have to pay Sabre, and that makes Sabre more powerful. ■

# HAPPIEST TRAVELERS IN THE INDUSTRY.



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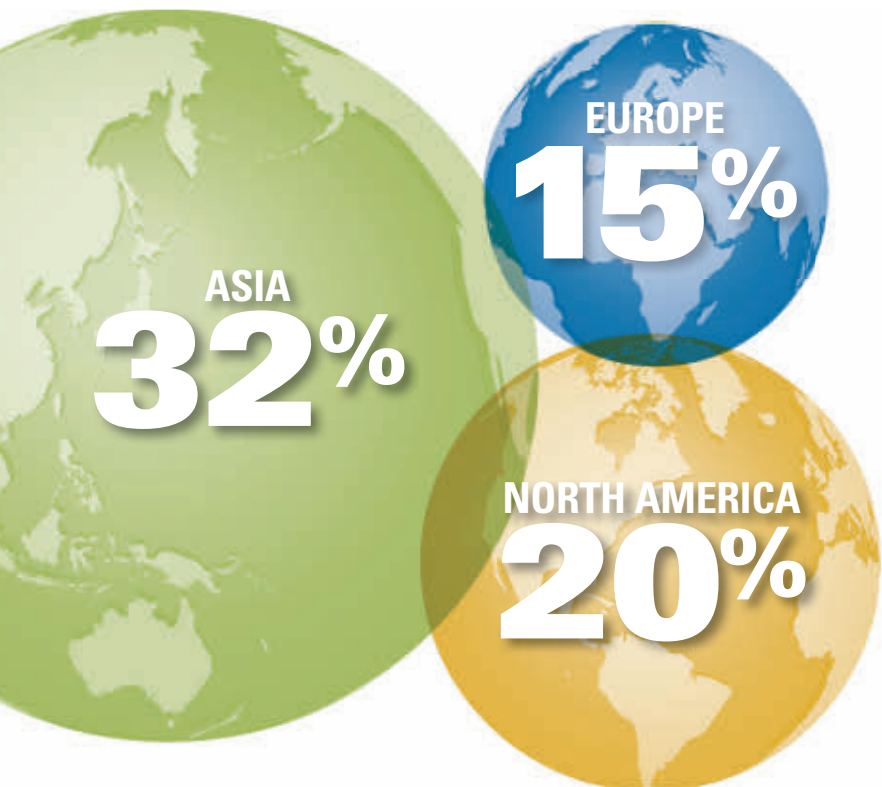
According to the Services & Amenities category of the 2017 Business Travel News Airline Survey, published on November 20, 2017. Delta Air Lines earned the top overall score for the 7th consecutive year (2011-17) on the Business Travel News (BTN) Airline survey.



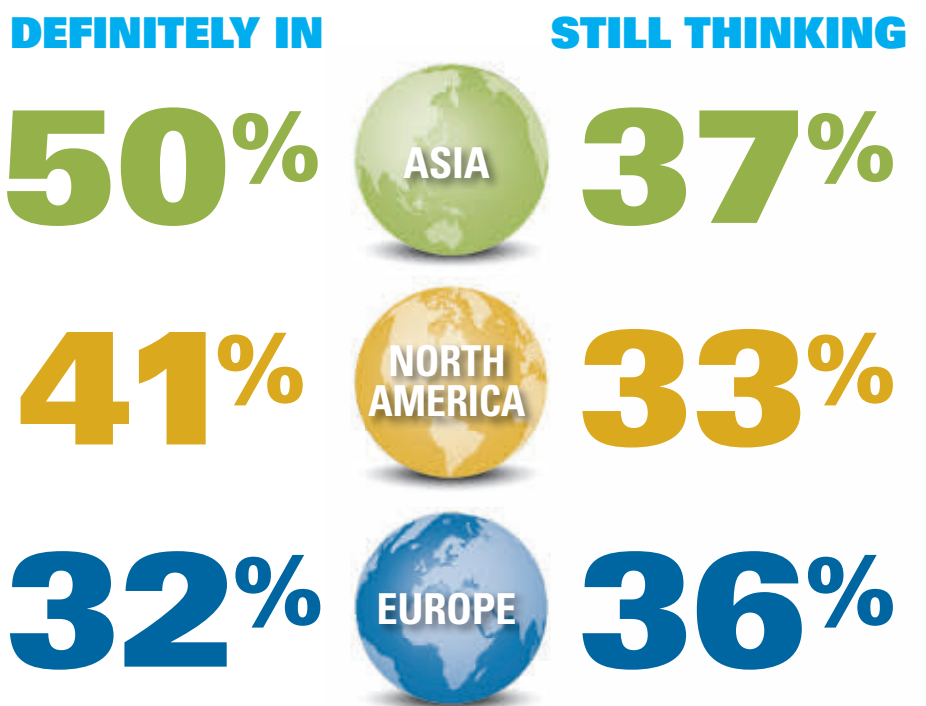
# More Than Two-Thirds of Business Travelers Embrace Bleisure

Sixty-eight percent of business travelers take at least one bleisure trip per year, but 20 percent forgo leisure add-ons to their business trips because of how it may look to their employers, according to a December Egencia survey of nearly 9,000 business travelers.

SIDE-EYE FROM THE BOSS CAUSED SOME BIZ TRAVELERS TO TAKE A PASS ON BLEISURE AT LEAST ONCE IN THE PAST YEAR



BUT MORE TRAVELERS THAN NOT ARE DEFINITELY PLANNING BLEISURE TRIPS & MORE ARE CONSIDERING THEM



WHY BLEISURE ENTHUSIASTS DECIDE TO STAY LONGER



HOW BUSINESS TRAVELERS SPEND THEIR LEISURE TRAVEL TIME



Source: Egencia 2018 Bleisure Trends Survey



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**I**TW global director of T&E Cathy Sharpe is a proponent of Concur's TripLink platform and of meeting her travelers where they are to keep them engaged. She globalized the ITW program on Concur Travel and Expense in 2015 and opened up her program to TripLink about a year later, citing the lower hotel rates and better services her travelers were getting through consumer channels when compared to bookings made through the travel management company. Since that

## ITW Flips Switch to Concur Locate for Risk Management

BY ELIZABETH WEST & DAWIT HABTEMARIAM

time, she said, her TMC, American Express Global Business Travel, has closed the rate gap effectively. That's good, but she still hasn't closed up her program. Instead, she went deeper with Concur, picking up the travel tech provider's Concur Locate product and switching her travel risk management provider from International SOS to Concur's partner Healix International. There's an engagement factor here, as well, but it rode on the coattails of improved TRM.

### Why Switch?

Sharpe had lots of considerations for the switch. Despite the claims of streamlined data flows between her agency and ISOS, she said, "the fact of the matter is: [Even] before you talk about the open booking data, the TMC data has a hard time making it over [to the travel risk provider]." She added, "If you have a multinational program and you are getting data from all these different sources, there are gaps. We had to look at our reports every day, and someone had to take the time to make sure the data was received. If there was a situation that we needed to know who we had in Paris at the moment, we would look at TMC data and the ISOS data because we were concerned that there might be gaps."

When you factor in the TripLink variable, the data flows get even more complicated. Sharpe was having data sent directly from airlines and other preferred partners to ISOS because Concur was not sharing to risk providers the data coming into the TripLink platform. "Absolutely true," said Sharpe.

It's an issue that BTN has reported on before. News broke a year ago of Concur's foray into risk management, and it put a sharper point on the tech company's stance: The ability to provide open booking data for risk management had become a competitive advantage, at least for those companies that have adopted TripLink.

According to Concur, that adoption rate is on the rise. A company blog from July stated, "To date, TripLink has captured more than 2 million bookings that otherwise would not have been visible to travel managers. Nearly half of these were captured in just the past 10 months." TripLink has been available to Concur clients since 2013, so the uptick in the last 18 months seems significant.

Concur attributes the growth to the number of suppliers participating in the TripLink platform. The blog cites 2016 TripLink agreements with British Airways, Iberia and WestJet. None of these are live, though BA is expected to launch this month. American Airlines, which also inked a TripLink agreement in 2016, plans to launch midyear. While TripLink also has agreements with Lufthansa, Emirates and Air Canada, United Airlines is the only airline available to date. TripLink has, however, launched a good number of hotel chains and major car rental companies.

Sharpe's main concern is hotel data, for which compliance to preferred channels declined. Air compliance, on other hand, is good, she said. Plus, United is a key supplier for Sharpe's program, and even if a supplier is not directly connected in the TripLink system, travelers can always forward their itineraries to Concur or TripIt.

Concur can collect and report all of that data directly to the client and to TMCs that have built connections. Sharpe's TMC has not invested in that option, so TripLink data was hitting a wall unless ITW had the

resources to manage it. Sharpe made the effort, but her resources are slim. "Our team is really small considering the size of the program," she said. ITW ranked No. 92 in Business Travel News' 2017 Corporate Travel 100.

### Enter Concur Locate

Officially launched in July 2017, Concur Locate incorporates data from bookings captured through TripLink and data from supplier e-receipts that are automatically forwarded to Concur Expense, as well as card data that flows through to the Concur Expense tool. It adds all that to data from the Concur Travel booking tool and sends it over to its chosen risk partner, U.K.-based Healix International, which—despite a 28-year history—has been a lesser-known risk management player in the U.S. market, where ISOS and iJet have dominated.

The relative anonymity didn't bother Sharpe; she vetted the new supplier and ran a pilot even while she had ISOS still on board. What matters most in locating travelers is the data universe, she said, and Concur Locate can account for the vast majority of ITW's travel bookings because the company enjoys 85 percent online booking adoption through the Concur booking tool for air travel, and travelers going outside the preferred channel have access to live TripLink connections. Bookings made with suppliers that are not live on TripLink should be emailed to Concur to bridge the gap—more on that later. For the three countries where Concur is not available, Sharpe pushes data directly from Amex GBT to Concur Locate. "We are getting five times the data [compared to] what we were getting before," said Sharpe.

Concur Locate translates the data into a visual dashboard that shows where ITW people are located, including office locations, so Sharpe has a quick read on any travelers who could be affected by an adverse event. Healix International tracks such events and sends information into Concur Locate to overlay traveler locations. Once the potentially affected travelers are identified, Healix is responsible for the initial outreach.

"If we identify 20 people who could be affected," said Sharpe, "Healix does the first well-check and reports back to me, for example, that 17 of the 20 have checked in and one needs assistance." At that point, ITW can initiate other measures to locate the three employees still in question and quickly direct Healix to help the one actively in need. That's a change from ITW's previous protocol, where ITW did the initial outreach. That efficiency has been

**"If you have a multinational program and you are getting data from all these different sources, there are gaps. We had to look at our reports every day, and someone had to take the time to make sure the data was received."**

—ITW'S CATHY SHARPE

critical, said Sharpe, because now that the company has the additional data coming into its risk management tools, ITW has realized that more of its employees are affected by adverse events than the company ever realized.

### Improved TRM Gets Travelers' Attention

Soon after launch, hurricanes ricocheted on and off the East Coast and Caribbean, putting ITW's new tools and protocols in play. "We were able to identify who was there and assist travelers," said Sharpe. "In fact, there were a few incidents right in a row, and we were able to handle them."

With the new data, Sharpe said ITW reaches out to travelers every week, which is a big change from the prior frequency. "You would never realize how many people are actually in the area when you are leveraging all this additional information. We have a gigantic footprint, and folks are also in [affected] places because they live there. We [are putting] a lot more

**"Because well-checks are frequent, it is bringing more attention to the traveler to [do their] homework before they hit the road. That's been a great enhancement."**

—ITW'S CATHY SHARPE

detailed information into our everyday operation," she said. "You think you are doing a great job, but we sort of know now what we didn't know."

Sharpe noted that ITW is still working to understand what types of adverse events really require outreach, and the every-week frequency includes weather and other issues that are "not catastrophic." Yet, the frequency of the outreach has had an effect on ITW's traveler population, she said. "They are recognizing that ITW is interested in their safety and security and we are committed to doing the best we can do to assist them in any type of emergency when they are traveling on behalf of the company."

With travelers experiencing tangible improvements, they've stepped up their attention as well especially in terms of pretrip preparation. "Because well-checks are frequent, it is bringing more attention to the traveler to [do their] homework before they hit road. That's been a great enhancement," said Sharpe.

### Not 100 Percent Perfect

Sharpe still sees areas for improvement. Not having a huge choice of suppliers with live connections in the TripLink universe is an issue: It puts the onus on travelers engaging with open booking to forward those bookings to the tool. "Some travelers are really good about it," said Sharpe, "but some really aren't." If they don't forward their bookings, Concur Locate won't get the data needed to monitor and locate them during their trips.

"There is still data from [suppliers not part of TripLink] sitting out in the abyss. We're not at 100 percent," Sharpe said. So she's working on a solution that includes Traxo, a specialized off-channel data aggregator competing with Concur to solve the open booking gap. Stay tuned. ■

## How Roivant Gained Buy-In After Instituting a Travel Program

BY DAWIT HABTEMARIAM

Healthcare startup Roivant is in growth mode. Over the past three years, the company went from 40 employees to more than 500. Nearly three-quarters travel at least once a year, and 40 percent are road warriors. In addition to the growing travel volume, travel patterns have leaned increasingly international, and Roivant needed a more mature approach to managing it, said travel and event manager Jessica Courtney.

The company had operated on the motto "Spend Roivant money as your own" and otherwise just had a few agreements with hotels near its major offices. By November 2016, however, "we went from having no T&E [guidance] to having a fully-fledged program using a travel management company, Concur Travel and Expense and Rocketrip," said Courtney.

Roivant didn't consult with travelers before setting up the program. "We looked at where spend was and what we needed to control," she said. There was pushback. "When travelers are accustomed to just going to Kayak and booking their own travel, anytime you implement a system or process it can be a little bit of a learning curve and challenge." But Courtney had a good idea about how to get buy-in.

### Rocketrip as a Behavioral Tool

Rocketrip rewards corporate travelers for reducing trip costs. In its most basic form, it presents a business traveler with a budget to beat, after which the traveler can book the trip in any channel allowed by his or her company. If the traveler can book the trip

under the budget to beat, he or she banks points redeemable for gift cards and other rewards. Most Rocketrip company clients reward their travelers with points equal to half the realized savings.

Rocketrip CEO Dan Ruch has kept the tool independent from a booking tool so it can integrate with multiple platforms rather than impose its own booking channel onto a customer. For its part, Roivant leveraged Rocketrip's Concur Travel integration, which presents the budget to beat within the standard workflow for booking a business trip.

### Driving Engagement

Roivant also took training and engagement tactics seriously to get the most out of its behavioral strategy. The company devoted a section of employee T&E training to Rocketrip, making sure travelers understood how to get a budget to beat and what to do if their trips change and answering frequently asked questions. "We tried to think through all the questions employees might ask and document it in an easy-to-understand way," Courtney said.

The company introduced fun ways to drive engagement with Rocketrip, such as TV monitors throughout the office that showcase top budget beaters. It also allows travelers to donate rewards to their favorite charities. Adoption momentum accelerated after a few rewards started to roll in, said Courtney. "Once the budgets to beat became tangible points, we stopped getting any negative feedback, and people were really excited about the program."

### Results Don't Lie

Roivant saw a reduction in their T&E spend after introducing a comprehensive travel program. Courtney said controlling spend through good policy and driving standard compliance doesn't tell the whole story; Rocketrip incentivized travelers to do better than policy.

Roivant's travel policy still allows travelers to access four-star hotels and business class flights, especially for international itineraries, which represent 65 percent of the company's travel volume. With Rocketrip in place, though, 7 percent of business class-eligible itineraries are booked in coach instead, saving an average of \$4,076 per round-trip flight, which the company then splits with the traveler. Twenty percent of travelers book the lowest airfare available, saving an average of \$125 per round-trip flight.

Airfares represent the biggest savings for Roivant, but travelers' lodging decisions drive savings, as well. Thirty percent of travelers choose hotels rated below the allowable four stars, saving an average of \$52 per hotel night booked. Roivant also has seen a 5 percent reduction in hotel nights booked, even when the trip involves a flight. This indicates travelers are staying with friends or family instead of at hotels; that saves an average of \$317 per hotel night booked, which, again, is ultimately split with the traveler. Rocketrip cites that outcome in its marketing, but according to Courtney, "To be honest, I really wasn't expecting it."

Rocketrip has integrated a duty of care workflow to ensure corporate clients know where travelers are staying, even if they don't have a hotel booked. As Rocketrip graduated its target customer to large enterprises, duty of care integrations became a priority. Questions around productivity also dog the company, even as it has expanded its client reach. Critics posit that employees, by spending time trying to book travel under the budget to beat, are wasting company time, which can cost the company more money than it saves.

Courtney, however, hasn't seen that problem. "We are pretty busy, and not a lot of people are spending the time to [look for trip pricing in other channels]," she said. "The Rocketrip extension into Concur takes the guess work out of it." ■

## GDPR: The Meetings View



Cvent implementation team manager Tom Patten, EY global meetings & events operations manager Kathy Grau & strategic meetings management coach Debi Scholar

If you're a travel manager with purview over meetings, get ready. Meetings are a different ball game when it comes to the European Union's General Data Protection Regulation, which will be enforced beginning May 25. If you think that internal employees, by accepting a position with the company, implicitly consent to sharing of their data for corporate meetings purposes, you'll be surprised to find out otherwise. If you think meetings hotels are data controllers and you can set those contracts on autopilot just like preferred transient properties, don't relax just yet. And what about all the other meetings suppliers like ground transportation, offsite dining and events and offsite team building providers? EY's Kathy Grau, Cvent's Tom Patten and strategic meetings management coach Debi Scholar broke it down at BTN's Strategic Meetings Summit in New York late last month. Following are edited excerpts from that session.

**Q** How do you get started internally with GDPR compliance for meetings?

**Grau:** I reached out to my legal department because I have a relationship with them. They also directed me to EY's data privacy team, which is directly responsible for

GDPR compliance. We now have a call [almost] every week, and it's mostly me saying that I thought of something else we need to address from a meetings standpoint. In the end, though, you definitely need to work with your data privacy team.

**Q** Kathy brings up a good point, that it's mostly her going to her team with issues to address. A data privacy officer will address GDPR at a corporate level, but how aware are they of what is going on with meetings?

**Scholar:** Companies are doing what they need to do at a high level, but they often don't understand the numerous interactions that take place for meetings and events. That's [been the case] for 20 years now. Meeting leaders are being asked to include GDPR compliance as part of their performance metrics.

**Q** Can you give me an example of an area where legal and data privacy didn't connect the dots for meetings?

**Grau:** Hotel [agreements are] a prime example: As we were updating our master service agreements with our group hotels, one of the hotel chains [that is also a

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transient partner for us] said, "We're the controller, we don't have to do this." My data privacy person said to me, "They're the controller for bedrooms." And I said, "Based on what I understand ... they're a processor for meetings."

**Q** I thought hotels and most of the basic travel providers were data controllers under GDPR. Can you explain?

**Grau:** When it comes to bedrooms, hotels control the data and they control how it's being collected and used. From a meeting space perspective—and really with most of the logistical details involved in a meeting—the hotel is a processor. If we send the hotel our attendee list, if we

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Becca Rabinowitz, Co-Founder of SpotHero for Business, which took home 2017's Business Travel Innovator Award



Brian Beard, President of DVI, which took home 2017's People's Choice Business Travel Innovator Award

# Meetings Mavens

CONTINUED FROM PAGE 10

send a dietary list with names attached to it, [that's personal data]. Or, if you send a VIP list with names to say, "Please ensure these three people get special treatment," [the hotel is] now a processor. EY has different master service agreements for the transient program compared to meetings and events. It's about educating the company that meetings are different.

**Q** *What about other types of suppliers like ground transportation, offsite activities and dining. A lot of these kinds of suppliers get attendee lists. How do you stay GDPR compliant?*

**Grau:** If you're sending personal data, it needs to be encrypted. It's also good to add a statement anytime you send an email out—and maybe it even becomes part of your signature line—that the attached data must be deleted within 30 days after the event concludes or at the point it's no longer needed. We need to give guidance so the partner knows the process. If you're ever audited, you can then also show that the guidance was in the contract or the addendum and that you instructed the partner to remove the data at the conclusion of the event.

**Q** *What about the meetings agency? For transient programs, travel management companies are generally considered a controller. Is that different for meetings?*

**Scholar:** While I thought that the meeting agency would be the data processor, recently a major meetings agency explained

**"Companies ... often don't understand the numerous interactions that take place for meetings and events."**

—MEETINGS CONSULTANT DEBI SCHOLAR

to me that for some actions they are the controller and in other cases they may be the processor.

**Q** *What about technology suppliers? Do they stay in their processor roles?*

**Patten:** As a technology provider, we'll be pushing out information saying, "OK, here's what we have available to help companies with GDPR compliance." Ultimately, though, it's up to the company to make sure their meetings are compliant. From the tech perspective, we don't manage compliance, but we will provide the tools to do so.

**Q** *Let's talk about some of these GDPR tools and how you envision them working as a meeting gets pushed through a technology-enabled process. A lot of it pivots on the concept of consent.*

**Patten:** GDPR requires a layered approach to consent. Companies may determine they need the permission of the meeting requester before they even get to the concept of meeting participants. Even if the organizer is an internal employee, using their information associated with the event could be interpreted to require consent and they may opt in to [event organization-related] marketing or research strategies or not. If the company takes this route, we will have the tools to do it, with consent to be part of the meetings management process.

**Q** *From a meetings management point of view, is requester consent reasonable? How are you planning to manage it?*

**Grau:** Every company is different, but you likely have a call with the meeting requester to go over the event details. If they selected either "yes" or "no" for the marketing or the survey, it's a good opportunity to have a conversation to make sure that they understand the implications of their choice. Marketing might be a quarterly newsletter. If they checked no, it's an opportunity to say, "Did you know this is how we share our quarterly travel, meetings and events information?" or, "This is an opt-in to participate in a satisfaction survey that we use to improve our meetings services for you." That allows them to revise their choices.

**Q** *What about the more traditional concern about meeting participants? What types of consent will companies need to collect from them?*

**Patten:** You need separate consent for each of the reasons you're going to use that data—for example, using someone's information for planning the meeting. You may choose to include only a "yes" choice for this because if the [prospective] participant won't allow that use, they can't really continue. For other purposes like survey purposes or marketing purposes or sharing with third-party event sponsors, the event still provides value if they opt out. In these cases, organizers will

## GDPR Basics

- Enforcement starts May 25
- Applies to any EU citizen located anywhere in the world
- Defines individuals' rights to control the sharing of their data
- Financial penalties of up to 4 percent of annual revenue for companies that do not comply

need to provide separate consent for each potential use and participants will deliberately choose how the host organization can use their data. As a tech provider, we'll have something like a library of consent purposes and options that clients can use, but it will be up to the company to decide which ones are required.

**Q** *One of the central tenets of GDPR is the individual's right to withdraw their data. How will this be achieved?*

**Patten:** Cvent will have a system in place to obfuscate the data. The record will stay intact and for reporting purposes, you can see that somebody attended, but none of the individual's personally identifiable information will be readable. It's not encryption or anything; it's going to be wiped out. We'll be able to do this with all attendee data from a given event after 30 days or whatever the client wants. Or, we can also do it on an individual basis, should the client contact us and say, "John Smith wants his info wiped out," we'll strike it from the entire database for that client but not out of any [other client's] database.

**Q** *This all sounds great for meetings that are pushed through technology systems. What about the others?*

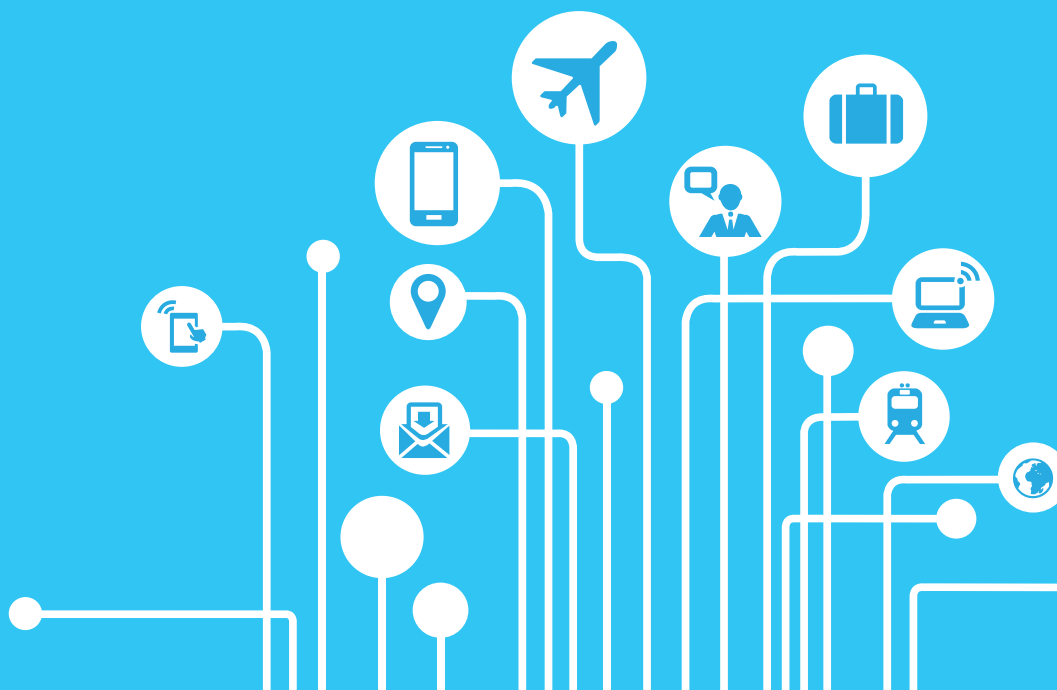
**Scholar:** We're never going to get 100 percent of our meetings in a technology, so the best thing you can do is to give [ad hoc meeting organizers] a checklist on the things that must happen. For example, you need to make sure attendee lists of any kind are always encrypted when sent via email. You may also have some manual consents and more pushing of paper back and forth. But you really have to make sure those [ad hoc organizers] understand that compliance process.

**Grau:** And just a note that at the conclusion of a meeting or event, any paper or anything that could have anyone's personal information on it needs to be shredded. That sweep at the end of the event has always been important, and it remains so now. It's not just about complying with GDPR, it's about actually protecting people's information. ■

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## Post-Merger: How AccorHotels Is Bringing FRHI into the Fold & Leveraging Its Guest Expertise



ACCORHOTELS' KEVIN FRID

This summer will mark two years since AccorHotels acquired the FRHI brand. The deal immediately gave Accor a presence in North America, which had been a relative white space in its portfolio. But, as with many M&A transactions, early days have been filled with lessons and surprises, and where the companies expected to find overlaps, they've actually found mutually beneficial strengths.

But how to leverage that? BTN lodging editor Julie Sickel spoke with Accor COO for North and Central America Kevin Frid, who had worked for FRHI until the merger.

### Where do you stand in terms of technology with the legacy FRHI systems joining with Accor's systems?

When Accor acquired us, we created an entirely new division of Accor for luxury and upscale brands, which has about 450 hotels in it. Accor acquired a company that was very strong, both the technology of it and the delivery of personalized and customized guest experiences. Then you've got this huge platform of distribution [on Accor's side], and so our challenge has been: How do you take the best of both of those worlds and put it together? ... which is really easy on paper. We've got a plan together now. We launch that in July.

### Is that the customer relationship management system specifically?

It's all the systems side you have to integrate together. It's the guest data warehouse, which is where all the personalizing, customizing happens—where Fairmont was very strong, of course—connecting with the Le Club reward system, and into [Accor's] central reservations system. You've got to bolt the two together and integrate into the property

**“Accor acquired a company that was very strong, both the technology of it and the delivery of personalized and customized guest experiences. Then you've got this huge platform of distribution” on Accor's side.**

management system at the hotel level so that when [Traveler X] comes in the door, make sure she gets her rewards, make sure I know all about [Traveler X] and what she wants, where she wants to stay, what are the things about her that we need to know in order to enhance her guest experience.

### To actually make that happen, have you had to bring in new people or change the organizational structure?

What it did was make Accor reevaluate its acquisition strategy. When you do these acquisitions, no different than others, you've got a whole plan together and ultimately, it's a financial outcome. Within that financial outcome are synergies and savings and additional opportunities and revenue streams, and what it forced us to do was reevaluate the synergies within the technology world. Quite frankly, the whole Fairmont, Raffles, Swissotel team is essentially still there. [During mergers], you often think about ... “We don't need two people doing the same thing.” Of course, the discovery was: They weren't doing the same thing. As a matter of fact, there's this whole, rich knowledge [with FRHI] about personalization and customization combined with the knowledge on the AccorHotels side of Big Data, big distribution, etc. So the two sides are working together to ultimately bring everything together.

### Will the loyalty systems also be merged in July?

Yes, at the same time. It also means we're bringing all of the luxe brands—Sofitels, M Galleries, etc.—onto the personalization and customization side, as well.

### What's that going to allow those brands to do better?

It's mostly about systems talking to each other. It's a lot of training around making sure our colleagues put information [into the system] that will be valuable for future stays in our company [so someone] doesn't have to pick up the phone and call somebody and say, “Mr. Smith's coming in and he really needs to get to a meeting as soon as he gets there, so can you make sure ...” You don't have to make that phone call; it's all automated. ◀

## Fairmont Aids Other Accor Brands in North America

BY BOB CURLEY

AccorHotels became a viable contender for upscale meetings in North America with its 2016 acquisition of Fairmont Hotels and Resorts, and the hotelier is looking to leverage Fairmont's strong reputation to introduce buyers and planners to some of its other meetings-oriented brands. “Fairmont is the anchor and the gateway to introducing Sofitel and Pullman and our other

brands,” said Accor SVP of global sales Markus Keller. “That's kind of opposite the case in the rest of the world.”

Prior to acquiring Fairmont, Accor's brands focused mainly on leisure and business travelers. The merger of Fairmont's loyalty programs and the engagement of Accor's global sales force, including incentives for referrals, are key to cross-selling

these other brands for meetings, said Fairmont regional director of sales and marketing Anne Marie Johns.

Educating planners about brand differentiators is another key. Sofitel, for example, is known for its French style in food and beverage, as well as service, which extends to the custom menus and food experiences offered to its target market of conferences under 300 attendees. “Sofitel is very complementary to the Fairmont brand,” Accor Luxury Brands CEO Chris Cahill said at the recent Accor Global Meetings Exchange in Montreal. The longtime gathering of Fairmont hoteliers and meeting planners occurred under the banner for Accor for the first time last year.

Pullman's “work hard, play hard” ethos, typified by its high-concept Junction lobby, appeals to startups and companies with youthful leadership. The Junction was unveiled at the Pullman Bangkok King Power last year and features spaces for work, socializing and dining. Accor has more than 14,000 new rooms in the pipeline with Pullman, and many of the new-build

# IHG Buys Majority Stake in Luxury Hotel Company

BY AMANDA METCALF

InterContinental Hotels Group has agreed to acquire a 51 percent stake in Taiwan-based Regent Hotels & Resorts from Formosa International Hotels for \$39 million in cash. IHG plans to expand the five-star luxury brand from its six properties—Berlin, Montenegro, Singapore, Taipei, Beijing and Chongqing, China—to more than 10,000 rooms across 40 gateway and resort markets. Regent already has properties opening in Jakarta, Indonesia, in 2018; Harbin, China, in 2019; and Phu Quoc, Vietnam, in 2020.

IHG also will convert its InterContinental Hong Kong to a Regent Hotel in early 2021 after a one-year refurbishment. That returns the property to its roots; it had opened as a Regent hotel in 1990 and became an InterContinental property in 2001.

IHG will pay \$13 million when the deal closes, which is expected in the second quarter; another \$13 million in 2021; and the last third in 2024. It will have the right to acquire Formosa's remaining 49 percent interest in phases beginning in 2026.

The acquisition of Regent Hotels & Resorts fulfills the strategy IHG announced in February to supplement its InterContinental Hotels & Resorts luxury properties by acquiring more in the luxury segment. CEO Keith Barr said then, "We see a real opportunity to round out our portfolio and add other luxury brands at a price

point above InterContinental and potentially also in the resort space."

IHG recently formed a luxury division, and

Barr reiterated upon announcing the Regent deal that the new division will bring in more luxury brands. ◀



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Pullman hotels feature significant meeting space. "Pullman is one of our fastest-growing brands and especially strong for upscale meetings," Cahill said.

Accor continues to invest in Fairmont meeting spaces, from the innovative C2 Espace conference center at Montreal's renovated Fairmont Queen Elizabeth to a complete renovation of the meeting space at the Fairmont Chateau Whistler and a planned addition of 6,000 square feet to the Fairmont Hotel Vancouver. Cahill said only seven luxury hotel new builds are underway in North America, and yet meeting organizers still are attracted to what's new. ◀



## Hilton Cuts Meetings Commissions While Report Says Intermediary Costs Will Get Worse

BY JULIE SICKEL

Hilton will cut the commissions it pays to third-party group and meeting planners at hotels in the U.S. and Canada from 10 percent to 7 percent effective Oct. 1. The change follows Marriott International's decision in January to do the same starting March 31. After the Marriott news, several meetings professionals said they weren't surprised, given Marriott's position as the largest hotel company in the world, and they predicted Marriott's competitors would soon follow suit.

Among other hotel companies, AccorHotels said before the Hilton announcement that it has no plans to follow Marriott's lead but that could change if the lower commission rate becomes an industry trend. "The easy answer is: There is no change" to AccorHotels' commission policy, said Accor Luxury Brands CEO Chris Cahill at the recent Accor Global Meetings Exchange conference. "Marriott is highly experimental in its partner relationships, and it will remain to be seen if the industry follows suit." Jeff Doane, Accor SVP of sales and marketing for North and Central America, added at the time: "We're not going to be second on this, but Hilton and Hyatt will be and then it will be an industry standard. There's been significant growth in third-party bookings in North America, and as it became a higher and higher percentage, Marriott made a decision because it becomes too significant to ignore. We have seen this, too."

On the other hand, he said, Accor recognizes that selling an event at an Accor property differs from selling a Marriott meeting. That perspective could argue in favor of maintaining a higher commission scale. "We are much more focused on culture and creating experiences, and that requires more effort on the sales side," Doane said.

### What Intermediaries Contribute to Meetings Costs

The cost to hotels for groups and meetings has been on the rise in the U.S. in recent years. According to a report from hotel benchmarking company Kalibri Labs, the cost, if left unchecked, likely will double by 2022.

The report, titled U.S. Groups & Meetings: The Economics and Complexity of Intermediation, estimates that groups and meetings cost the U.S. hotel industry \$3.4 billion to \$4 billion in 2017. Commissions paid to intermediaries accounted for \$1.3 billion of that, based on a 10 percent commission rate. By 2022, the cost could reach \$8 billion or \$10 billion, according to projections from Kalibri Labs, PwC and Oliver Wyman.

Kalibri serendipitously released some early findings from its research in January, just before Marriott International announced its intention to cut groups and meetings commissions. But even with the largest hotel company in the world pledging to lower the money it pays out to intermediaries, Kalibri co-founder and CEO Cindy Estis Green said that, at the rate intermediation is growing, Marriott's move isn't enough to alter future projections.

### The Solutions & Tech Problem

The way organizations book groups and meetings with hotels is largely unchanged from 40 years ago, according to the report. What has changed is the number of vendors who provide services and solve for pain points in a stagnant process. Typically, they exist in the first four stages of the meetings process: discovery, sourcing and booking, planning, and execution.

Of the approximately 100,000 meeting planners in the U.S., according to PwC's estimates, 20 percent are external planners who aren't

directly employed by the organizations they assist. One-third of those external planners are employed by one of six major firms: HelmsBriscoe, ConferenceDirect, American Express Meetings & Events, Experient, Maritz Travel and BCD Meetings & Events.

Tech companies also have emerged to assist with discovery, sourcing, planning, and execution, including Cvent, Etouches, Groupize, Groups-360 and Cendyn. While certain steps of the process are now being supported, Estis Green said, the solutions provided by third parties are still contributing to a broken system. For example, while automation can solve for the RFP process on the meeting host side, it increases the labor costs for hotels, which get inundated with high volumes of queries. "The groups and meetings market is very diverse," Estis Green said. "There are a lot of tech companies that are interested in aggregating it the way transient business has aggregated over the last 15 years, and it's more complicated than the transient business. There's more to it. The process is more complex."

Approximately 43 percent of group room revenue is being intermediated. By 2022, Kalibri estimates, that portion will grow to 60 percent.

### The Threat of Commoditization

Beyond the dollars-and-cents impact of increased intermediation, Estis Green warned, "If hotels become a commodity for the groups and meeting experience, the quality of the experience will deteriorate." It becomes less about finding a unique and engaging space and more about finding "a box." "For hotels to be sharp and tuned in to what their customers want, they need to know their customers really well," Estis Green said, which is harder the more intermediaries step between the two sides.

She hopes the report will help the industry recognize the need to change the meetings ecosystem. "In order to make it more efficient," she said, "all of the players in the food chain may have to give a little to make it work better."

—Additional reporting by Bob Curley

### What a Hotel Brings In & Pays Out for Meetings Each Year

#### Cost to Acquire Group Business

Independent Hotel	Small/Medium Chain	Big Brand
\$194K	\$473K	\$1.8M

#### Group Room Revenue\*

Independent Hotel	Small/Medium Chain	Big Brand
\$2.5M	\$5.4M	\$11.5M

#### Acquisition Cost as Percent of Revenue\*\*

Independent Hotel	Small/Medium Chain	Big Brand
7.8%	8.8%	16%

\* Researchers assumed independent hotels of 200 rooms at 65 percent occupancy, 30 percent of which comes from group business, at an average daily rate of \$175; small/medium chains of 300 rooms at 70 percent occupancy, 35 percent of which comes from group business, at an ADR of \$200; & big brand properties of 500 rooms at 70 percent occupancy, 40 percent of which comes from group business, at an ADR of \$225.

\*\* Costs include third-party commissions, sales offices & incentives, loyalty fees both for meeting planners & attendees, distribution, tech & housing bureaus. Percentages are based on dollar figures before they were rounded.

### Small Meetings & Corporates Grab the Biggest Shares

According to PwC estimates, small meetings with fewer than 100 room nights account for about 75 percent of all meetings in the U.S. However, this group contributes only 28 percent of the revenue U.S. hotels earn from meetings. Corporate-hosted meetings account for half of meetings revenue at U.S. hotels, while associations account for a quarter. Forty-seven percent of U.S. meetings are business meetings, 36 percent are for conventions and trade shows, and incentive meetings account for 13 percent.

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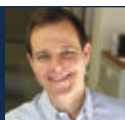
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CONTINUED FROM FRONT PAGE

## Lufthansa Doubles Down on Direct & NDC Channel Strategy Starting This Month

luggage. The Classic economy fare is one tier up from Light and includes a checked bag and the ability to choose seats. The group's namesake airline brand, as well as sister carriers Austrian Airlines and Swiss, sell those fare types. Further, the airline group "will also be offering lower prices for long-haul seat reservations on own and NDC booking channels from April onwards," Lufthansa Group announced.

In 2015, Lufthansa opted out of full content agreements with major GDS operators. At the time, it began paying higher segment fees to those distributors, but it also won the "freedom" to surcharge GDS bookings and to withhold fare content from GDSs. Since September 2015, Lufthansa Group carriers have levied a per-ticket surcharge of 16 euros on GDS bookings.

The group's move to withhold its "best fares" from traditional indirect distribution channels is its most expansive effort to date to differentiate content by channel. Lufthansa stated that some lower-priced fares already had been available exclusively via direct and NDC channels and that some short-haul fares were priced 5 euros less per reservation than fares available in indirect channels. "In contrast to previous such actions for its own distribution channels and Direct Connect partners, the new offer will feature consistent price reductions throughout the economy fare structure," Lufthansa Group stated.

Further, Lufthansa plans to offer additional miles through its Miles & More loyalty program when travelers book through select "direct connect" partners and on Lufthansa's website, it stated.

Lufthansa Group stated it will further differentiate products it sells by channel. "As part of its overall commercial strategy, the Lufthansa Group will be further expanding its direct distribution channels in the course of this year," the airline group added.

Embarking on a similar strategy last year to opt out of full content deals and introduce a GDS surcharge, British Airways also plans to introduce additional short-haul price points on airfares sold through direct and NDC channels. BA has indicated that those fare types will be available this month. ■

**"In contrast to previous such actions for its own distribution channels and Direct Connect partners, the new offer will feature consistent price reductions throughout the economy fare structure."**

—LUFTHANSA GROUP

## U.K. TMC CTI Will Bring In NDC Content with New Online Booking Tool

BY AMON COHEN

On April 1, U.K.-based travel management company CTI introduced a white-labeled version of the Atrii online booking and content aggregation system. Called Plannet, the tool will pipe in supplier content via application programming interfaces, global distribution systems and online travel agencies.

At launch, Plannet will include airline content using New Distribution Capability-based APIs, CTI CEO Clive Wratten said. British Airways will be the first carrier to supply NDC-based content. BA has indicated it will launch additional price points this month on short-haul routes exclusively via NDC.

CTI has a private-channel agreement with BA, which waives the airline's surcharge on GDS bookings. Wratten said CTI earned the agreement by showing a clear commitment to switching to NDC-based distribution. Atrii is among several aggregators that have achieved the International Air Transport Association's highest certification for managing NDC content.

Wratten said Plannet will display NDC and GDS content side by side with a single sign-on for clients. Plannet also will pull hotel content from GDS and non-GDS sources, including LateRooms, Booking.com and Expedia Affiliate Network.

CTI previously deployed a proprietary booking tool, but, said Wratten, "our tool was not where the market is going in terms of content. This gives us NDC content and much more scope for APIs." CTI will continue to be a Concur partner, as well.

Wratten sees potential in API technology to sell more than transport and accommodation. CTI also announced at the recent Business Travel Show in London that it will offer health check-ups and consultations for business travelers, including via Plannet. The company also is looking to introduce dog walking and other pet-minding services.

"We like our new platform because using APIs makes it easier to take content for whatever the client wants," said Wratten. "We now do sofa-to-sofa instead of door-to-door: everything a traveler needs to get their life sorted. We've got a box you can plug anything into, and

## AA & BA Prep Supplier-Direct Connections to Concur TripLink

It has been slow going for airlines to make good on commitments to enable Concur TripLink connections for bookings made on their direct websites, but a couple are gearing up to launch. British Airways alerted corporate customers that, in April, it will turn on its Concur TripLink connection for its website in the U.K., U.S. and Canada. That would make BA the second airline to go live among the eight carriers that have agreed, some of them years ago, to build a supplier-direct TripLink connection, which helps corporates capture off-channel booking data for managed travel purposes. United Airlines was the first, going live last year after committing to TripLink in 2014. American Airlines should follow shortly: The carrier expects to go live midyear with its supplier-direct TripLink connection after a two-year build up. Air Canada, Etihad, Iberia, Lufthansa and WestJet all have committed to TripLink on paper, but remain in a holding pattern in terms of go-live dates.

you can put it all side by side on one screen.”

Atriis also has signed a preferred technology partner deal with the Advantage Focus Partnership, whose members include 32 of Buying Business Travel magazine’s top 50 U.K. TMCs, including CTI.

Meanwhile, Atriis has lost major U.K. TMC Clarity as a customer. In 2016, Clarity acquired Portman Travel, which used a version of Atriis for both its agent desktop and client booking tool, branded as PortmanOne. Clarity already was using another integrated agent desktop/

customer booking platform, SABS Corporate, which it white-labeled as Go2. Clarity decided in May 2017 to retain SABS Corporate and drop Atriis “after a detailed functional review and because of the scale of adoption. Go2 Book [the customer self-booking tool] handles 25,000 reservations per week,” said Clarity CEO Pat McDonagh. ■

# IATA ‘Leader Board’ Airlines Get Ready to Push Real NDC Transaction Volume

BY JAY BOEHMER

For all the talk about the International Air Transport Association’s New Distribution Capability, transactions flowing through the agency channel in accordance with the distribution standard are minimal. “The transactions are extremely minute today; that is absolutely true,” IATA NDC program director Yanik Hoyles said during a panel at UATP’s recent Airline Distribution 2018 conference in London. Yet, IATA is establishing a program for what it called Leader Board airlines engaged with NDC. These carriers each will commit to delivering at least 20 percent of their volume through NDC-capable application programming interfaces by 2020, said Hoyles.

Already, between 15 and 25 airlines are expected to participate in the Leader Board. Those carriers represent between 20 percent and 30 percent of all IATA passenger volume, said Hoyles. “These guys are going to push for volume, for critical mass by 2020,” he said.

According to IATA’s NDC registry, 53 airlines are NDC capable at some level, and 42 of them are certified at Level 3, the highest. Still, there are 280 IATA airline members. There will be first movers, and there will be followers. “Amongst the 53 airlines that are live today, 12 of those have actually applied a commercial strategy on top of their NDC implementation,” said Hoyles. Those would include American Airlines by way of its incentive program for NDC adoption, as well as the largest European airline groups that have levied surcharges in part to spur NDC adoption.

To date, NDC activity has been about laying the foundation. The next couple years are about meaningful penetration. In addition to progress with airline buy-in, the three major global distribution systems have committed to achieve Level 3 NDC certification. Travelport is already there. Last year’s launch of the 17.2 version of the IATA NDC schema is viewed as stable and scalable enough to support volume.

“2018 is a year of plumbing,” said Hoyles. From mid-2019 to 2020, he expects to see “really strong growth in volumes.” He added that IATA also plans to measure transaction volumes for Leader Board airlines to monitor progress. “If we can have 15 to 25 airlines who by 2020 have got 20 percent of their volumes using an NDC API, they will have done a lot of work” to lay “the plumbing” and to work commercially and technically with GDSs, aggregators, travel agencies and corporates, he said. “Then, for the followers, their speed to market will be a lot faster and their barriers to entry will be a lot lower,” said Hoyles.

Air Canada is among Leader Board airlines, senior director of global sales corporate development and operations Anthony Doyle confirmed during the panel. “Today, we have an API that’s in market,” said Doyle. “Over 57 percent of our market in the domestic North American environment comes to us in the direct channel. So we will be transitioning partners into the NDC environment through the [ATPCO/SITA NDC

Exchange], and that will catapult our reach into a number of markets, not only in Canada but also outside our home base.”

During the panel, Amadeus VP of the NDC-X program Gianni Pisanello agreed significant adoption is approaching. “Last year, we did a lot of studies at Amadeus to understand what was the level of maturity on both sides of the market—on the airline side, on the travel agency side—as well as the maturity of the NDC versioning, etc. We came to the conclusion—after talking to a lot of airlines, a lot of travel agencies and with IATA—that we have reached the tipping point in terms of certain basic elements to be in place in order for us to start thinking about industrializing NDC.”

Pisanello added: “It’s going to take a few years. We have to put the plumbing in place, but it’s inevitable; it’s going to happen. There’s no: ‘Is it still going to fly or not?’ The processes in the background are set and are in motion, and they are going to deliver NDC.”

## What About Corporate Buyers?

Speaking to BTN in March, Hoyles pointed to a couple surveys from the recent Business Travel Show that asked 250 buyers whether they were for, against or didn’t know about NDC. “The portion of those who were for NDC shot from 11 to 30 percent, which is great,” he said. Yet, there are still a lot who are skeptical of the NDC trajectory, he said.

“That demonstrates to us [that] the strategy we started two years ago to engage with the travel buyer community makes sense. We have two advisory groups of buyers, one in Europe and one in the U.S. Altogether, they weigh more than \$2.5 billion of [travel] spend. What we found is that these buyers, when you take the time to educate and engage them, they get it as much as they need to get. We’re going to spend quality time educating the corporate buyer community. We’re not telling people what to think, but the more informed people are, the more they can make their own decisions,” said Hoyle.

—Additional reporting by Michael B. Baker

**“It’s going to take a few years. We have to put the plumbing in place, but it’s inevitable; it’s going to happen. There’s no: ‘Is it still going to fly or not?’ The processes in the background are set and are in motion, and they are going to deliver NDC.”**

—AMADEUS’ GIANNI PISANELLO



# Lola Launches Managed Travel Tools, Testing the Small & Midsize Enterprise Managed Travel Pool

BY ELIZABETH WEST

Lola, Kayak co-founder and former chief technology officer Paul English's travel booking and chat-based traveler assistant tool, pivoted last year from a leisure travel strategy to a focus on the unmanaged business traveler. In March, the company launched Lola Works, a managed travel "lite" solution for the small and midmarket that offers administrative tools and dashboards that allow simple policy controls, that centralize a view of a company's travel footprint and that track overall travel spend.

Lola's primary platform remains traveler oriented and built around personal preferences and loyalty program affiliations as the primary drivers behind business travel bookings. "We spent a bunch of time with [road warriors] to understand their needs and to figure out what apps they were using and what does and does not work for them," said English. "Business travelers care about price, but they are not making decisions based solely on price. They want their miles and points," he added, and the app is built to display choices based on past booking history and preferences stored in the user profile.

Lola Works dovetails with the traveler-facing app by integrating simple company guidelines, controls and rate caps into the loyalty and personal preference equation. The desktop administrative app allows a company to identify its top travel markets—for example, Chicago, San Francisco, London and Singapore—and further identify company preferred hotels in those markets for travelers to consider when booking their trips. The preferred hotels are prioritized in the traveler's search with a "preferred" notation, along with a list of properties based on the traveler's historical bookings, amenities and style preferences, crunched through Lola's algorithms that also cluster and organize millions of reviews and hotel sentiment data to make relevant recommendations.

Hotel selection can be further influenced through the Lola Works platform by setting rate caps in each popular market. The app can take some of the work out of the task by allowing admins to create a rate cap for certain amenities and class of service in one city; then an algorithm will take over to provide appropriate rate caps for the company's other top markets to achieve consistency in those cities. Search results also will offer guidance on whether the rate displayed for a given hotel is a good value on the day for that market or whether it is "expensive" according to company guidelines.

The new admin interface offers similarly "lite" drop-down controls for flight search and booking, allowing companies to identify how travelers should utilize premium economy, business class and first class cabins—for example, making flights longer than three hours are eligible for premium economy and flights longer than six hours eligible for business class but never allowing first class. The tool encourages companies to keep the travelers in mind, with settings geared toward productivity and fitting into travelers' personal schedules. The "direct flight" settings allow admins to identify a cost threshold for travelers to take a direct flight versus a connecting flight; while the "wobble room" setting allows cost flexibility for time-of-day preferences rather than forcing travelers to choose lowest-cost options.

English emphasized that Lola Works isn't built to deny business travelers options but to provide guidelines. The tool cannot be configured to block bookings. "If you go onto the Concur website, there's a white paper called 'Leakage' because 50 percent of travelers are cheating and going outside the tools. When half of your travelers do that, you lose your ability to manage consistently," said English. "Especially for the small and midmarket business, which is our target market, it's important to show that road warriors have no reason to go outside Lola. We want them to get their reward points in Lola and have all the hotels they want. If you book outside of guidelines,

we'll tell you it's outside of guidelines but you can go ahead and book it." English added that most business travelers have good reasons to go outside guidelines when they do, and soon Lola will include a system for communicating those reasons back to the administrative tool at the time of booking.

In addition to simple policy configurations, Lola Works offers quick reporting and visual dashboards for admins to track traveler location and spend. A map view shows where travelers are located on the current day, while trip and spend details can be tracked on the day, month to date or year to date. They are tracked by traveler and by trip. Flight and hotel costs for each trip are displayed as a bundle on the overview, and admins can drop down trip details to dig deeper into flight and hotel costs. Currently, compliance notifications are not part of the Lola Works tool, but English said they are in the development hopper.

Lola operates on \$44 million in venture capital from General Catalyst, Accel Partners, Charles River Ventures, GV and Tenaya Ventures. It has a direct-to-corporate strategy for the small and midsize enterprise market, though English previously told BTN it would entertain agency partnerships. For now, Lola Works is free for companies that have travelers as Lola users, but English told BTN the company will introduce fees for the administrative tool.

Regarding the traveler-facing app, Lola collects hotel commissions "and we get a tiny bit from airlines," said English. Lola also charges a \$25 fee for booking flights. The VIP service component has been free to date for users and one of the most valuable aspects of Lola for travelers, according to the company.

While Lola has sophisticated artificial intelligence to produce relevant search results for travelers, the majority of its chat interface and personal service relies on human agents supported internally by AI. English said that is by design. Lola is entering a managed SME travel space that has increasingly pursued AI solutions but with many tools defaulting to human agents. ■

**"It's important to show that road warriors have no reason to go outside Lola. We want them to get their reward points in Lola and have all the hotels they want. If you book outside of guidelines, we'll tell you it's outside of guidelines but you can go ahead and book it."**

—LOLA'S PAUL ENGLISH

## Also Rolling Out: Lola Teams

Lola Teams adds a social and recommendation component to the Lola experience. Based on the travel markets or "places" that are loaded in the Lola Works platform, individual travelers can use Lola Teams to recommend hotels and restaurants or other local experiences that colleagues might want to check out when traveling on business in the area. Multiple teams can co-exist inside an organization. A general invite to the Lola app doesn't necessarily add a user to a team, but an invite to a Lola team will onboard a traveler to the app and to the team.

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## Tax, VAT & Visas: What Connected Tech Ecosystems Can Do

BY CHRIS BAKER

In 2016, I heard of an experienced sales director running his company's South African operations while traveling back and forth from that country and his home base in the U.K. After planning what had become a routine trip to visit the company's people in South Africa, it suddenly dawned on him that he had hit his limit of days in the country for the year. If he stepped foot in the country again, he and his company would face local tax implications.

It's not just for business travel that visitation limits can cause problems. I've also heard of colleagues booking family holidays to countries they've visited that same year for work, only to be turned away at the gate for overstaying their welcome. At that point, the travelers had to decide whether to cancel their trips or watch their families go on without them.

### The Changing Face of Visas

Visas form a clear example of the underpinning details that need to be correct for successful business travel programs. The issues are often closer to home than we think and, owing to geopolitics, becoming more and more complex to track. From the U.S.'s restrictions on travel from certain countries to Brexit and the cooling of relations between the U.K. and Russia, trips that even a few years ago would have been easy are increasing in difficulty.

The implications of falling foul of visa and visiting regulations can also be far greater than first imagined. There might be fines for both the individual and the company—official or 'unofficial,' depending on the policing of the country—and bans ranging from months to a lifetime. A whole new layer of difficulty arrives if people are found to have broken the rules inadvertently while trying to leave the country. Lose your visa or accidentally overstay your time in Russia? Good luck catching that flight back home!

### Capturing the Details

Balancing issues from monetary to duty of care is vital. Two points need to be carefully considered to keep your travelers safe and your



Chris Baker is EMEA North managing director for SAP Concur

**With sophisticated, connected technologies now available to all, there are no excuses not to improve business travel processes.**

business running efficiently: the ecosystem of your technology provider and its application programming interfaces. There isn't a company in the world that can be an expert in all the areas a company needs to manage for business travel. But companies can partner with or invest in others that are true experts in particular areas.

These benefits, once they are integrated into the ecosystem of the provider, can be used by clients. Just as important, however, is the flow of data between various partners and tools. If data is siloed, the real value of the various technologies working in alignment is lost. But if data from bookings, for example, populates apps to track visa limits, duty of care requirements, budget levels and pertinent financial information for different countries, the solution is far more powerful than the sum of each tool working in isolation.

### VAT, Tax & Immigration Automation

Another opportunity for technology that's integrated well is VAT reclamation: 4 percent of global travel spend that can be reclaimed is not, a figure reaching the billions. For companies that have staff and travelers in several countries, manually tracking this money and other pertinent financial information like taxes is a tough ask. As a myriad of paperwork in different languages faces overstretched finance teams, it's easy to see why these values are often left behind.

But integrations can help. One between SAP Concur and EY shares data as trips are booked so they can be analyzed against financial and immigration information ahead of time—think: the warning on your phone when you are nearing your data limit but for travel levels instead. For VAT, Taxback International, VAT IT and VAT Box also can integrate. Via connected ecosystems, the process can be completely automated and the money deposited back into your account. VAT is a clear example of this, but the technology can be applied to different areas of business travel.

### Tech as an Enabler

It's an exciting time to be working in this space, as technology is fast leveling the playing field. Hosted, cloud-based solutions mean sophisticated technologies that previously would have been available only to sizable enterprises now can be accessed by all, so there are no excuses not to improve business travel processes. Most trips that end in disaster do so not because of major incidents or crime but due to dropped visas or missing receipts or an assumption that the details will look after themselves. The message is clear: They won't, but connected ecosystems can look after them for you. ■

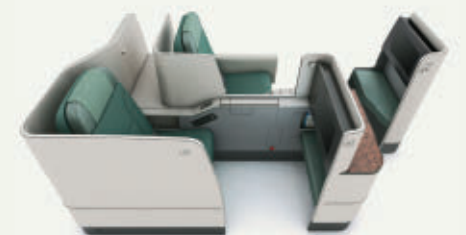
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