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SMBs are considered by many to be the growth engine of the American economy. So we are pleased to sponsor this special issue of Business Travel News once again. It offers insights and benchmarks that should prove valuable for travel managers and corporate executives who wish to adopt best practices.

In fact, companies like us use this data to ensure that their programs and services for SMBs continue to meet their evolving needs, including contracted rates, discounts, billing options, dedicated account teams, rewards programs, preferred membership programs and technology solutions.

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Beth Kinerk
Senior Vice President, Sales
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Delta is also building one of the leading trans-Pacific joint ventures with Korean Air and has plans for a comprehensive transborder joint venture with WestJet. By taking steps to expand our global network through airline partnerships, we hope Delta is able to help you reach your goals.

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As always, thank you for your partnership,

Kristen Shovlin
Vice President—Sales Operations and Development
Delta Air Lines

IHG® InterContinental
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Dear Travel Partner,

In an industry that traditionally prioritizes the needs of larger corporations, small and midsize enterprises are typically underserved when it comes to travel solutions.

Last year, IHG® invited SMEs across various industries to tell us how we could develop solutions tailored to meet their unique needs. We spent time hearing from those responsible for managing travel within their companies, and confirmed that, overall, the industry's approach to servicing SMEs has been too narrow.

With the understanding that large corporations have dedicated resources for negotiations and travel buying, we're aiming to differentiate the buying journey for SMEs—offering solutions to support their needs so they can maximize time focusing on their business objectives.

Using guidance from SME travel managers and travelers, IHG is launching a program later this year to streamline the negotiation process, reward SME loyalty, and consolidate key resources into one easily accessible place.

With more than 5,300 hotels across nearly 100 countries, IHG recognizes the tremendous role our B2B customers of all sizes and travel behaviors play in sustaining communities globally. So we're proud to sponsor this special issue of Business Travel News and know the insights within will help us further improve how we establish meaningful and long-term partnerships with SME customers at IHG.

Warm regards,

Derek L. DeCross
Senior Vice President, Global Sales
InterContinental® Hotels Group

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We are honored to sponsor this specific BTN issue that focuses on the SMB customer, giving attention to your evolving wants and needs. I hope you walk away inspired in a way that can make an impact in one of the largest expenses of your business. I look forward to working with you and navigating the world of business travel together.

Warm Regards,

Amanda Vining
President - SMB Brands
Corporate Traveler

Why the Midmarket Matters to Suppliers

The midmarket is booming: Year-over-year revenue growth among middle-market companies has grown consistently since mid-2017, and year-over-year growth for the first quarter of 2018 reached 8.4 percent, besting the average annual growth rate of 6.7 percent during the past six years, according to the National Center for the Middle Market.

Middle-market firms are outpacing small and larger firms not just in revenue growth but also in number of firms and employment growth, according to the 2017 Middle Market Power Index from American Express and Dun & Bradstreet. Between 2011 and 2017, as the overall number of commercially active firms fell, the number of middle-market firms almost doubled and employment in the midmarket more than doubled, according to the MMPI.

But does growth among midmarket companies translate to growth in middle-market travel management? A number of suppliers say yes.

Best Western Hotels & Resorts launched its Best Western Business Advantage program aimed at small and midsize enterprise travel programs in 2012. Best Western VP of worldwide sales Wendy Ferrill said since the program's inception, the percent of room nights from Business Advantage travelers has grown by double digits and BW has added members to its sales team to accommodate that growth.

Mike Cameron, CEO of travel management company Christo-

pherson Business Travel, said there seems to be a renaissance of sorts occurring among small and middle-market companies looking to manage travel. One reason, he said, is that service has come back into style. "Many companies went down the DIY path and have decided they now want a partner to help them and provide their travelers with good service," Cameron said. "That's just becoming a little bit more important today than maybe it was before." Other drivers, he noted, include a shift to a procurement or supply-chain management mind-set that has companies consolidating spend across every category of an organization, as well as a new emphasis on travel management in service of duty of care and risk management.

SUPPLIERS TAKING STRATEGIC AIM

Suppliers, projecting continued strength in the midmarket, are looking to build relationships with companies in this space as a way to support their own growth. "We are always looking at how we tap into the engine that is driving the economy and [how we] play a role," said Intercontinental Hotels Group director for groups & meetings Nathan Park. As companies emerge and understand what they want to achieve, Park said, his team is focused on helping them grow.

Ferrill said the geographic spread of middle-market companies also makes them a vital part of Best Western's network of more than 4,200 hotels globally. "It's just such a critical segment in terms of how our hotels align," she

"Even if you look at yourself in your \$20 million program and go, 'I don't think I've got big enough spend to make the big boys sit up and listen,' well then, go talk to the big boys. Go talk to some of the small ones who do want a wonderful client who's going to run fast with them and try new things."

**Festive Road's
Caroline Strachan**

said, "because we truly are where they need hotels."

While working with corporates in the growing middle market may seem like a no-brainer for suppliers, it's not necessarily that straightforward, Cameron said. Even as Christopherson engages with small and middle-market firms, about 80 percent of its revenue comes from just 20 percent of its customers, those larger accounts where economies of scale are built in. Working with many smaller firms, though easier and more efficient now, is still more costly than dealing with fewer large firms.

But Cameron said it's important to think about the potential benefits of working with smaller firms, which could be bigger clients down the road. A few years ago, Christopherson began to manage travel for a small business intelligence firm named Domo. It's grown rapidly since then. Christopherson not only introduced Domo to the travel vertical but also partnered with it to launch a set of BI travel apps. "It's a classic example of us starting out with a small company that became a midsized company that's becoming a very large company," Cameron said. "That led into all kinds of other opportunities for us."

ENGAGING THE MIDMARKET

For suppliers, working with firms in the midmarket often means something very different than working with large enterprise

CONTINUED ON PAGE 10

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:]

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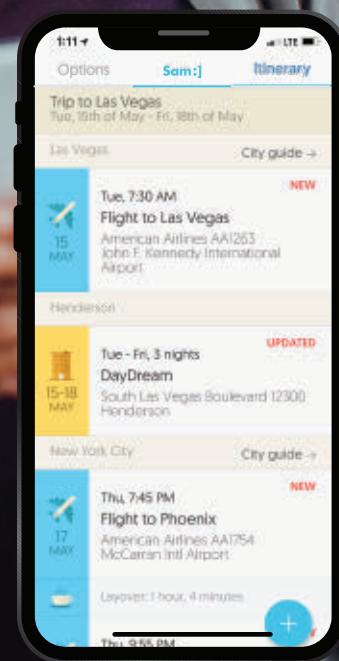
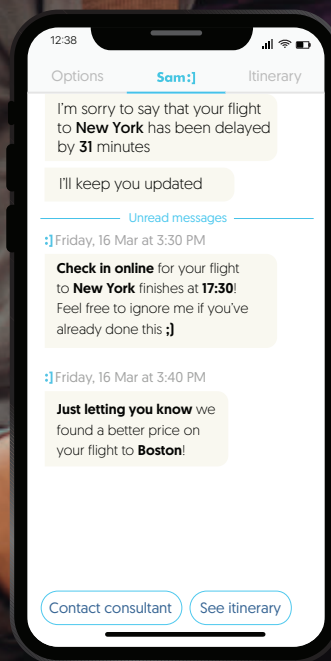
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¹According to the 2017 Business Travel News Airline Survey, published November 20, 2017. Delta Air Lines earned the top overall score for the 7th consecutive year (2011-17) on the 2017 BTN Airline survey.

²Air France, KLM, Alitalia and Aeromexico earning and redemption only available to companies in North America.

³Must enroll by December 31, 2018, using Promotion Code BTN2018 and purchase & fly on a qualifying flight within 60 days after enrollment. See full terms at delta.com/skybonus

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firms. Midmarket programs typically have fewer resources, and the task of managing travel frequently falls to an administrator or finance or procurement manager wearing multiple hats. “You have some companies emerging and they are understanding that they need a dedicated resource around travel but they are not quite there yet,” Park said. “They might be in a state of reactivity as it relates to travel. On the other hand, you have some sophisticated accounts that are growing and they want to get ahead of trends and markets and cities and brands in a way that aligns with objectives.”

Cameron said midmarket firms

cum consultant role has been key to engaging with small and midmarket firms. “When we look at it from a sales perspective, it’s really about working with the individual who’s responsible, although not necessarily a travel professional, to identify and help them understand what their needs really are,” she said, “making it easy for them to make accommodations and what have you at Best Western, as well as to really help them understand what they need to know.”

IS TRAVEL SPEND JUST A NUMBER?

A common concern among middle-market companies is whether they’ll even be able to begin conversations with large

providers. Festive Road managing partner Caroline Strachan countered that, indeed, these organizations may be in an even better position to innovate: “In a large company, you have so many hoops you have to jump through to get compliance OK and [information security] OK, and you might be trying to drive change but you have to get a lot of ducks in a row before you can enable that change. Whereas some of our midmarket clients and some of the buyers I’ve spent time with in advisory groups—they have a really wonderful working culture around them.” Likewise, she said, some newer tech firms would prefer to work with smaller corporates initially rather than rolling out with a large company.

“Even if you look at yourself in your \$20 million program and go, ‘I don’t think I’ve got big enough spend to make the big boys sit up and listen,’” she said, “well then, go talk to the big boys. Go talk to some of the small ones who do want a wonderful client who’s going to run fast with them and try new things.”

Strachan likes to say that companies need three things to innovate their travel program: the will, the skill and the money. If companies have the will and really want to make something happen, she said, they’ll make it happen.

Strachan recommends that her consulting company’s clients ask themselves whether they have the ability to drive change or think they can work with colleagues within the organization or bring others in with the skill sets needed.

“And then of course—like anything, right?—if you need to spend money,” she said, “make sure you’ve got the senior leader ready to support you with the budget of whatever it is you’re trying to implement.” ■

“THEY WANT A TRUE BUSINESS PARTNER, NOT JUST SOMEONE SLINGING RFPs ACROSS THE COUNTRY FOR THEM. THEY WANT SOMEONE TO SIT DOWN AND TAKE THE TIME TO SAY, ‘THESE ARE THE INDUSTRY TRENDS, TOOLS THAT ARE THERE.’

INTERCONTINENTAL HOTELS GROUP’S NATHAN PARK

typically don’t demand the custom services and solutions that large market firms do. Yet, that doesn’t mean they are content with an out-of-the box, one-size-fits-all solution.

“They have all kinds of different needs,” Park said. “They want a true business partner, not just someone slinging RFPs across the country for them. They want someone to sit down and take the time to say, ‘These are the industry trends, tools that are there, the plethora of options.’ [They need someone to] key into their strategic objectives and ... [understand] traveler satisfaction, brands they go to, experiences they are having.”

Ferrill said adopting a supplier

suppliers that are more interested in high-volume accounts. “I’m not surprised to hear a sentiment like that,” said Park, “but I also wouldn’t be surprised to hear someone who said that they had that perspective until they linked up with a national sales organization that really worked with them.” Park advises middle-market companies to have an open, data-driven discussion with suppliers. “Come to the table with a transparent conversation, I am confident that we will come up with right solution.”

And what about innovation? Some middle-market companies feel they are poorly positioned to adopt novel strategies or work with emerging technology

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Competition Rises to Chase Small Market

Maybe it's all the money getting thrown at new technology entrants wooing unmanaged and lightly managed travelers—nearly \$45 million for Lola, \$50 million for Upside, a cool \$78 million for TripActions so far and an undisclosed amount to purchase Mezi in January—but the unmanaged business traveler is gaining a very high profile.

Priceline founder Jay Walker's most recent venture, travel rewards and booking platform Upside—along with The Wall Street Journal, United Airlines, Uber for Business, Hertz and a cadre of airport vendors—initiated a National Business Traveler Day in April, ostensibly to market their products and services to what they estimated to be 25 million unmanaged business travelers traveling domestically in the U.S. each year.

That's a huge market, and while startups are accessing some deep pockets to make plays for the business (BTN's 2017 Small & Midsize Enterprise Report covered startups that are gaining traction), major technology and service providers are now eyeing the big opportunity presented by small organizations.

CONCUR TARGETS PRE-TRAVEL-MANAGEMENT CUSTOMERS

Concur bought Hipmunk in 2016 but laid low with the acquisition for more than a year. In September it launched Concur Hipmunk, one of the first initiatives from a major industry player to show serious ambition in the unmanaged travel sector.

Concur chief product officer and EVP Tim MacDonald told BTN in September that the company had made

friendly overtures to their small expense-side clients "for years" but were met with resistance because many felt they were not ready for formalized travel programs with technology and travel management companies.

It was a market, however, that could not be ignored. "It is our largest and our fastest-growing segment," said MacDonald. "They have told us they would very much appreciate savings on travel spend but what they really want is increased productivity for travelers."

Concur Hipmunk leverages the Hipmunk user experience and provides travel supplier discounts to smaller clients. The tool allows users to log in to Hipmunk with Concur Expense credentials, shop for itinerary components and then continue to book on supplier direct websites, just as they do through the Hipmunk consumer site. The user can choose to give the tool access to his or her calendar, and Concur Hipmunk will suggest flights that jibe with meeting times. Concur Hipmunk does not preference or bias content, and there is no policy configuration; however, MacDonald noted, the tool does include lightweight monitoring and will send notifications if travelers make bookings outside standard cost thresholds. There is a fee for clients to add Concur Hipmunk to their tool kits.

Because users log in with credentials, Hipmunk is able to capture the booking data and funnel it back to users' Concur expense reporting accounts. It also will direct the data to users' Tript accounts for itinerary management.

Given Concur's somewhat controversial Triplink efforts and now a tool that intercepts potential travel clients before they access TMCs,

it's reasonable to ask where TMC relationships enter the picture.

They're actually part of the client acquisition plan, MacDonald told BTN in September. "[Concur Hipmunk] is purely an incubation strategy," he said, adding that the technology company will leverage TMC partners to pass smaller travel prospects onto Concur Hipmunk, with the idea that as the companies grow and increase their travel, the clients will be passed back to the TMC.

He described the arrangement as "an on-ramp for Concur Travel and TMC partners [where] the real benefit for [TMC partners] is the long-term value of being able to create that pipeline and get those customers back when they're ready."

A spokesperson for Concur said that a formal incentive program is not yet in place, but is part of a longer-term strategy. TMCs are currently incentivized to refer expense business to Concur, and if it is a fit for Concur Hipmunk the technology company will pursue it.

FLIGHT CENTRE WILL LAUNCH CTGO THIS SUMMER

While Concur may be offering an on-ramp strategy for partners, a handful of TMCs are taking small market matters into their own hands. "We call it SSMB or the Super Small to Midsize Business, and it's a significant piece of the market," said Flight Centre Travel Group chief experience officer John Morhous.

Morhous gave BTN early insight into CTGo, a travel management "lite" solution scheduled to launch in North America this summer. CTGo will offer businesses with unmanaged travel an easy way to access FCM rates and limited service benefits. The platform

"It is our largest and our fastest-growing segment. They have told us that they would very much appreciate savings on travel spend but what they really want is increased productivity for travelers."

Concur's Tim MacDonald

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will be housed under the Corporate Traveler brand and will offer a mobile-first experience for travelers while providing ad hoc travel managers with simple policy controls and reports. The tool is largely self-serve, according to Morhous, and either initial users invite other travelers in their companies to join or administrators load a basket of users at once. There's a deliberate consumer feel to the whole initiative, and Flight Centre predicts it will work as a bridge to a more full-service future.

"Everyone's trying to take aim within that space, and we know all the competitors," he said. "From our perspective, they fall into two camps: First, a great technology solution that looks cool but may not be good with handling disruptions or even the changes that come with routine business travel. Second, large TMCs accustomed to handling \$200 million programs that now want to dabble in this small business space."

Both new and traditional entrants, he said, have to think more holistically to serve customers that don't have travel managers or the core infrastructure that allows them to manage travel, and fee structures may need to change, as well.

CTGo will experiment with commercial models this summer, Morhous said, citing transaction-based models and more comprehensive subscription fees. Either way, preferred supplier commissions will support overall revenue streams, although Morhous said CTGo would not limit users to the agency preferreds; they will have access to all FCM content.

CARLSON WAGONLIT REFORMULATES ITS SMALL MARKET OFFER

CWT already is operating, somewhat stealthily, a bundled "travel-in-a-box" offer for small customers, though the TMC is refining its approach for the unmanaged market before it makes a bigger splash this year. Early promo-

tional materials described Business Travel Solutions by CWT as "the travel management company built for small, growing businesses looking to keep travel spend down while ensuring traveler safety and compliance. Our free offer provides access to our best-in-class reporting tool, as well as access to the latest digital technologies for online and mobile booking."

For travelers, BTS incorporates the myCWT intranet portal, online booking powered by Concur Travel and access to the CWT To Go mobile app. "It's free online; it's free mobile," CWT VP of global product marketing Ben Scott told BTN sister publication *The Beat* last month. "If they call in, which is a minority ... they do get charged for that."

These smaller clients get access to CWT negotiated airfares and RoomIt hotel rates. Additionally, Scott said, clients get "a relationship with the salesperson," who also serves as a de facto account manager to lighten program management burdens. The core offer also includes post-booking price tracking from Yapta and unused-ticket tracking. Easy setup and quick implementation are centerpieces, too.

"We're acknowledging that you don't have a travel manager, so we have a communications suite where part of the value proposition is helping to assure adoption and compliance," said Scott. "We know this is going to be dumped on an executive assistant who has 100 other things to do. We're going to do the setup and we're going to do the setup quickly, but it's not about implementation; it's about the activation and adoption. We can help there."

Scott added that the pricing model is an "easy transition from an OTA to us. If we go in and say, 'It's \$10 a transaction,' they'll be like, 'What?' We have the same business model an OTA does, where we expect a lot of this to come from the commission that we earn primarily on hotel and from air."

SERKO SEEKS TRACTION IN NORTH AMERICA

CEO Darrin Grafton's New Zealand-based agency and travel technology company Serko has beefed up its presence in the North American market and is targeting the small to midsize unmanaged segment, as well. The company introduced its Zeno product to U.S. travel managers at the Association of Corporate Travel Executives in April after picking up industry veteran Tony D'Astolfo, who left Deem earlier this year. D'Astolfo joined former American Express and NuTravel executive Rich Miller and former Concur executive Murray Warner on Serko's North America team.

Serko has been interesting from a content perspective. The company has a similar strategy to many of the startups in the space in terms of aggregating broad swaths of content from online travel agencies. It's partnership with Expedia in 2015 to access global hotel content predated many other companies' deep-dive hotel strategies, and Zeno strives to present that content in logical ways with some machine learning in the background to deliver relevant content to the user.

Miller reviewed the tool with BTN at the ACTE conference, underscoring that expansive content. He also demonstrated, as did others playing in this space, a self-service enrollment model and a mobile platform that makes it easy to deliver at scale to the smaller market. Unlike other tools in the market, however, Serko is selling not only direct to the end customer. It's also selling its technology and aggregated content to TMCs that want to pursue smaller clients and the unmanaged market.

"Our first North American customers will pilot Zeno in June with full deployment scheduled for July," said Miller, adding that

"We're acknowledging that you don't have a travel manager, so we have a communications suite where part of the value proposition is helping to assure adoption and compliance."

Carlson Wagonlit's Ben Scott

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TMC response to the tool has been “overwhelmingly positive.”

Serko also is pursuing partnerships with small and midsize-oriented enterprise technology providers like NetSuite to function as a light travel management technology within the accounting, e-commerce and enterprise resource planning bundles NetSuite sells into the market. It’s a novel way to get in the door with companies that don’t necessarily have a travel manager but may have enough travel spend to begin managing the category through finance or HR.

CUSTOMER ACQUISITION IS MISSION CRITICAL

AmTrav co-founder and president Craig Fichtelberg has played in the small-market space longer than many, with a “freemium” model featured prominently on its website. “There’s a huge demand in that sector, and we support a number of customers in the category,” he said. “Cost is definitely important to them. In reality, all the same things are important to this market, but they want no risk and no contract.”

New entrants seem to have figured that part out, given their heavy commercial reliance on supplier commissions. What they also need to understand, according to Fichtelberg, are the high acquisition costs that come with the small market.

“That’s the big challenge with this space: the acquisition cost. I don’t think there is a model where you can reach this customer base without being highly capitalized and willing to spend a lot,” he said, adding that many companies underestimate the challenge of competing with the likes of Expedia and Booking.com to capture the attention of unmanaged clients. Those “have a ton of money to burn and brand recognition.”

Amtrav has aggressive digital marketing strategies and—like Serko, Deem and other booking providers—has established rela-

tionships with expense providers to get into smaller (and larger) organizations through finance channels. AmTrav also has provided a booking tool to virtual payment provider Corporate Spending Innovations, formerly CSI GlobalVCard, which is a new boost to its client acquisition engine.

Morhous pointed to an aggressive digital marketing strategy as the primary entry point for CTGo and he said the company would “leverage the digital resources of our retail business to bring [smaller business travel clients] into the tool and the system.” He added that because CTGo is tied to Corporate Traveler, the company has a force of about 70 business development managers across the country that will feed small business leads into the system. “We aren’t looking at our tenured people to go hunt for these accounts, but they do come in,” he said.

SATISFYING THE SMALL MARKET

Both Morhous and Fichtelberg voiced doubts about addressing the small market with a box of stripped-down enterprise offerings, implying a warning for would-be users of, say, a CWT. “Amtrav built tools and service offerings by listening to these types of clients and then built up to manage bigger enterprise clients,” Fichtelberg said. “Some of the larger TMCs strip out functionality from larger enterprise tools to serve this market. We went the other way.”

CWT’s approach to serving the smaller segment, however, is evolving as it engages more with this type of client. “Travel-in-a-box does work for a certain, small percentage of the population, but there are a lot of folks out there that have more complexity,” Scott said. “We’ve adjusted. We initially were getting customers on the lower end of our floor. As we’ve become more flexible, we’ve seen larger, in this

CTGo’s competitors “fall into two camps: First, a great technology solution that looks cool but may not be good with handling disruptions or even the changes that come with routine business travel. Second, large TMCs accustomed to handling \$200 million programs that now want to dabble in this small business space.”

Flight Centre Travel Group’s Jon Morhous

context, start to come onboard.”

With complexity comes cost. He said advanced policy configurations or even pre-trip approval could come at a cost to customers. “Complexity comes more on the configuration side. We’re dealing with that ramification,” Scott said, adding that CWT may look at a multi-tiered approach to handle more and less complex clients.

Morhous said those segment-specific pain points are actually differentiators for CTGo. “Unlike [the larger TMCs],” he said, “FCM has a premier SME-focused business in our Corporate Traveler brand. We’ve done a great job supporting SME customers, and now we have a great mobility path: You can start off here as a five-person shop with very light booking or very light reporting or light duty of care. As you mature, you can move into a dedicated service model within Corporate Traveler.”

All the traditional players know they have additional competition from emerging technologies pursuing the small market. Most believe their maturity will play a key role in their success. “How many of these venture-funded providers have turned a profit?” asked Fichtelberg.

Miller said new entrants have actually underlined Serko’s innovative core. “We pursued this content strategy early and always put the traveler first. We are now seeing others embrace a similar philosophy, but Serko actually has market share.”

Fichtelberg, too, thinks new competition in the small market will highlight the strengths of experienced players. “The \$78 million raise puts TripActions, for example, in the position to invest a lot in marketing. That will increase awareness in the space as a whole,” he said. “In the end, though, I believe that this market is risk averse and will be more inclined to go with a company offering similar alternatives but with a proven track record.”

—Additional reporting by Jay Boehmer



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The Ideal TMC for Midm

Speaking at the recent Association of Corporate Travel Executives conference in New York, three midmarket buyers discussed what they want from their travel management companies, from scale to customer service to technology. On stage were Tapestry senior manager of global travel Rosemary Maloney, who moderated the session; Evercore VP of corporate services Jason Ring; and Neuberger Berman VP of global service and business continuity Tracie Saunders. Audience members also chimed in, including BTN managing editor Amanda Metcalf and KBB Partners director of travel services Mira Rosenzweig. The moral: Know yourself, i.e., your travel program, first.

AGENCY SIZE

Maloney: Do you believe there is such a thing as a one-size-fits-all agency?

Saunders: Definitely not. Our program is under \$20 million. It was important that I found an agency where I was important. For some of the larger companies, it's easier to partner with a larger agency and not get lost in the shuffle, but for a company that's my size, you have to find the right relationship where, when you have concerns or if you're frustrated or if you'd like to make changes or you're looking for assistance, they're willing to meet you at the table and that your \$5 counts. For companies that have a lot of money, maybe pricing becomes more important because everybody wants to do business with you.

Ring: [Evercore works] with American Express Global Business

Travel. We're a small fish in a big pond. [The TMC should be] frank at the table. Everyone wants to say, "I can do everything." There should be [TMCs] out there that recognize sometimes, "This isn't the right piece of business." The [company we used] before Amex came into our RFP process and said, "Oh, we can do all of this—white-glove service, VIP, knowledgeable—and they weren't. They were really a self-service online tool that was a great product [among] companies that did that, but to have the honesty right out of the gate and say, "You know what? Looking at your needs, we're not gonna be able to meet those," would have saved everybody a lot of heartache and a lot of contracts and a lot of money.

Metcalf: Is there ever a reason to go with one of the big ponds if you're not a big fish?

Saunders: A mega works for a company that's looking for a fully developed product they can purchase off of the shelf. For me, it's more important to be a valued partner with your TMC, where you're able to give input—if you put [service-level agreements] in, they're accountable for it. If the shoes don't fit, you'll stop wearing them.

Ring: I don't want to say the big box can't service a midsize company, [but] there's this misguided [perception] that because we have a mega box, we're gliding: We can just travel anywhere and we'll get the best rate and the best discount, the VIP. All of the sudden we're not this midsize company anymore—we're this beast of a financial institution—and that's not a fair expectation.

Tapestry's
Rosemary
Maloney



"I want to see [new reports and technology] before [TMCs] roll it out because if it's not what I like, it's not a useful use of their resources and [it's] a waste of their money."

Rosenzweig: The megas have standard, off-the-shelf tools that work for some. This includes some vendor relationships because of their buying power. Sometimes, for companies that do not have multi-million dollars in air, the air savings that can come out of a mega can be pretty beneficial to you. If you look and shop and do your own due diligence as a travel manager, looking at the tools and the rates that they're providing, you will see some significant savings, although not as much as you can achieve in direct, corporate noncommissionable contracts. For the middle-size TMCs, they need to work with their vendor relations teams, combat the megas and put in the programs to meet the needs of the type of clients they want to have.

ACCOUNT MANAGEMENT

Maloney: I speak to my account manager weekly; she helps me every time there's an issue. How does your account management communication work?

Ring: I recently got a new account manager, Laura. I love this woman. What [my previous account manager] would provide me was also what he would provide another company. I [now] feel like I have a partner at that managerial level. I don't feel like they're working for me, and I don't feel like I'm working for them. That's my advocate within Amex, and that is what makes a strong account manager.

Saunders: I actually have relationships not only with my U.S. agency but also with account managers across the globe because I want to know all of the minutiae. I [might

arket Travel Programs

be] on a call with the account manager and the supervisor for our team and sometimes the IT guy and the airline people from strategic solutions. For some people, that doesn't make sense, so you want to ask yourself the amount of time you want to spend managing your program and how many different locations you need to focus on and the bandwidth that you have.

Ring: Does your TMC get your input [about planned changes], or are you just told, "This is changing?"

Saunders: I tell them what I want even if they didn't ask. You really need to advocate on your own behalf. Luckily, I partner with an agency that wants to hear my feedback, but I would have told them anyway. You need to pick up the phone; you need to say, "I don't like the way this is." I see nothing wrong with calling the direct department that needs to change. They might still push it out to you and still give you a product that doesn't work for you, but it's really important that you let them know consistently what your needs are.

Maloney: I give my TMC partners a list of the things that are changing that are affecting my program and the things that I would like to see. Because they know that I came from a TMC background, they run new reports and technology by me as an advisory [like] savings reports. I want to see those things before you roll it out because if it's not what I like, it's not a useful use of their resources and [it's] a waste of their money. That's an important thing that all TMCs should know: Utilize your

relationships with the buyers. Get their feedback.

Saunders: Volunteer to be the guinea pig. My TMC knows I'm all about it. They know I'd rather give you my feedback now than for you to roll it out and for me to be upset. So be that buyer.

REPORTING

Maloney: Do you ever feel like you're getting too much data? Do you want something that's easily packaged, that you can receive it and then send it to your SVP or your exec board, or do you want to take it in yourself and do that kind of work?

Ring: I'd like the ability for both. Obviously, I'd love to be able to take the raw data and do what I want, but I would also love a file that I can just forward. What's important is some sort of eyes on the data. That's the challenge I have now with trusting a report that

flown versus bought, flight versus ticket versus flown. There are so many variables, so reporting has to be customizable. [The need] is to get the right eyes on it consistently so you have a consistent report.

Saunders: Data accuracy is really important, [as is] evolving the product as the industry changes. Is advance purchase still the same [as] it was a decade ago, where you wanted people to book 14 days [out]? Maybe you want people to book seven days [out] because your people are now doing all of these changes. You want your agency to be thinking about ways for you to understand how your program is evolving and what decisions you need to be making. Customization becomes really, really important.

TRAVELER SERVICE

Ring: For my travelers, customer service is not just booking the correct flight, ticketing it in a timely fashion. It's about getting the right



"People matter, so the TMC and the resources that they bring to the table are important. But ... if you're unhappy with the person who's on your account, then your TMC needs to know. You'd be shocked that sometimes, it's the person and not the organization you're working with.

Neuberger Berman's Tracie Saunders

comes to me to just forward. All it takes is one time for that data to not make sense and now I look like a bad travel manager. You're feeding off so many different things like the ARC and the airline and the

seat. It's about calling the hotel for late arrivals so they don't get walked. Sometimes I get pushback on customer service because the calls are picked up within 20 seconds and emails respond in a

day, [but] that's not all of it. For me, customer service is getting agents and agencies to a place where they can say, "Go above and beyond." A perfect TMC is having the culture of customer service go across the board. When we used to be with a smaller agency, we had one guy that everybody went to; everybody loved George. Now, with Amex, we have a large group of agents, and sometimes people will hang up because they got Mary and they want to wait for Theresa.

Saunders: The high-touch experience that Jason's people are looking for is very similar to what our people are looking for. I have an incredible relationship with our team supervisor. We have the most complicated policy in the world, so it's important that the agents understand the policy. It's also important that they understand that our people would like to have the best experience possible and that we'd like to pay as little as possible. They know the person who works at that hotel. The same thing with the airlines; they know who are our account managers, and they're reaching out to them when that makes

TECHNOLOGY

Saunders: There is all this new technology, and I want better reporting and I want things that are going to help me make decisions and do things faster and where the analysis to some extent is in the report and things are more efficient. Some agencies spend a lot of internal technology funds to make that happen. I'm like, "Do I have to pay for that or does it come with your product? It's understanding your appetite for spending for new technology and then talking to your TMC within that context. Talk to your peers—maybe they are worrying about something that you haven't even started worrying about yet—and then go to your TMC. If they haven't started working on it, they're going to hear that I'd like for them to start working on it. Sometimes you gotta be the catalyst.

Ring: There [needs to be] a balance between technology and customer service. The company [we had] before Amex was super technology driven. Their person-to-person service was really struggling. With technology nowadays, so many companies are trying to

technology works and does what I need it to do. The right TMC—as you roll technology out, do it the right way.

Saunders: I would say to my account manager, "Which one of these should my travelers actually be using?" If your flight is canceled, and they've got 14 different apps, whose texts matter? When you encourage people to use technology, make sure they understand the pros and the cons of everything they're downloading onto their phone because if they miss their flight because they received the wrong information, they're probably going to look at you because at some point you told them that app was awesome.

PARTING THOUGHTS

Saunders: People matter, so the TMC and the resources that they bring to the table are important. But the people who work on your individual account are more important because if you have an advocate on your behalf, then a lot of things will happen. If you're unhappy with the person who's on your account, then your TMC needs to know. You'd be shocked that sometimes, it's the person and not the organization you're working with.

Ring: Buyers, speak up. Demand what you want, and don't take anything else. For the TMCs, admit when there's a gap, and work together. Don't try to cover it up. Don't try to make it seem glitzy and more glamorous than it is. Say, "Look, we have a gap here. How do we meet in the middle?" Cause then it feels like a partnership. I look at a TMC to make me look good. If they do their job well, then everyone thinks I'm a good travel manager; [if] they don't do their job well, everyone thinks I'm a bad travel manager. ■

"I [now] feel like I have a partner at that managerial level. I don't feel like they're working for me, and I don't feel like I'm working for them. That's my advocate within Amex, and that is what makes a strong account manager."

Evercore's Jason Ring



sense. I say to my team supervisor, "If they have a question, I'd rather they ask you and if you don't know the answer you ask me, than for one of my people to be really unhappy and for me to hear about it on the back end."

put their hands into everything that [they] spread a little thin. It's OK to not be [at] the technological forefront of the TMCs: Your technology is not 2022; your technology is, like, 2004, which is OK, but make sure that 2004

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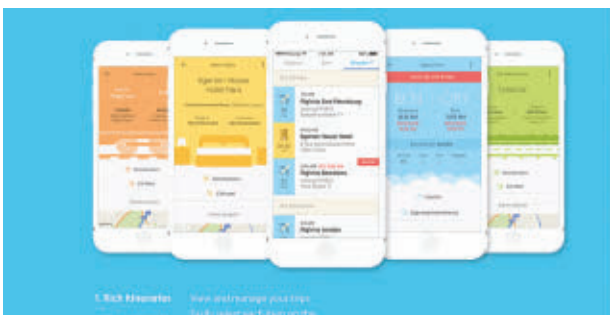
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Airline Challenges & Opportunities for Small & Midsize Enterprises

While small and midsize enterprises have never been the belle of the ball for airlines, they are finding a lot more dancing partners these days, and some are even willing to teach a few new steps.

Although they do not provide the sheer volume of revenue that the largest accounts provide airlines, SME business remains an attractive target. Corporate business of any size generally includes more premium-class travel and is bought within a smaller booking window than leisure travel, so SMEs can be lucrative partners for airlines. Today's SME also could be tomorrow's Fortune 500 company, and airlines would benefit from developing relationships in those formative years.

American Airlines, for example, has been building its corporate business share over the past several quarters, and in the carrier's most recent earnings call, president Robert Isom noted that SME account acquisitions had accelerated.

The general spend threshold for corporate airline contracts, however, has not really changed. Corporate buyers still need at least a few hundred thousand dollars' worth of annual business to offer in order to get a foot in the door. That is within the realm of possibility for many companies on the SME spectrum, and some airlines have put special programs in place for them.

Delta, for example, developed a midmarket program for companies that spend at least \$300,000 or more each year. The program targets midmarket companies in growth

mode. Those companies get upfront discounts that get larger the more employees fly Delta and its partners, and it also gives those companies reporting, sales representative support and Delta's Operational Performance Commitment, in which the carrier compensates companies should it fall behind both of its primary competitors in terms of delays, cancellations and mishandled baggage for a full calendar year, according to a Delta spokesperson.

Some programs for specific SME corporate travel needs have smaller thresholds. United Airlines has its Pass-Plus program, a prepaid offering in which companies can get upfront discounts on tickets bought through the prepaid account. And last year, United set the minimum for the program to \$50,000 for five travelers, each traveler spending at least \$10,000.

CARRIERS CONTINUE TO ADD SME PROGRAMS

For companies with spending levels below those thresholds, an alternative strategy is required, even in the face of an increasingly complicated fare landscape.

"A spot-buying approach, using best available fares, often augmented by travel management company negotiated rates and corporate mileage programs, can be effective for many midsized clients," American Express Global Business Travel wrote in its 2018 corporate travel forecast. "Such an approach sees many companies opting for the 'lowest logical fare.' This means guiding travelers into the lowest fares based on their choice of carriers, a flexible time window and possibly even alternate airports. The

unbundling of services, from meals to baggage to Wi-Fi, creates a challenge for buyers to guide people into the fares that represent the best value."

That doesn't mean SMEs that do not have airline contracts cannot have preferred airlines, particularly if they use those corporate mileage and other SME-focused airline programs. These are available from carriers of all sizes, including many that do not engage in much corporate contracted business at all.

Southwest Airlines, for example, told BTN it has been conducting a "more SME-targeted media strategy" for its Swabiz online business tool. In particular, Southwest has been targeting SME customers through social media and is "investing in strategic partnerships in the business travel industry with an emphasis on the SME customer relationship," according to a Southwest spokesperson. The spokesperson could not elaborate.

These programs tend to incentivize both travelers and travel buyers. JetBlue's Blue Inc. tool for SMEs, for example, rewards enrolled travelers with six TrueBlue points per dollar spent—the companies themselves earn three points per dollar—to build compliance.

SME program opportunities have expanded around the world in recent years. Singapore Airlines, for example, last summer launched a rewards program in which companies earn five points in its KrisFlyer program per dollar spent on travel booked via the carrier's corporate booking platform. This summer, SAS is morphing its SAS Credits offering into SAS for Business, in which travel buyers will earn as

Most air contracts require a few hundred thousand dollars of business annually.

For those still below those thresholds, spot-buying, travel management company negotiated rates and corporate mileage programs can be effective.

And some airlines are incentivizing SME travelers to use corporate booking tools.

Meanwhile, SMEs may find a friend in NDC once the industry assimilates it further.

Avis Budget Group

Technology is changing the world in such a way that you're likely using mobile apps in your daily lives. In fact, you probably have more than a few apps on your phone that are related to travel and transportation—whether it's a car-sharing app like Zipcar, a rental app like Avis, ride-hailing apps or bike-share apps. You might also have an app from one or more of the major hotel brands or even Airbnb, and surely you have an app for your favorite airline.

Because everyone has gotten so used to these types of apps in their daily lives, we now expect apps related to travel to work the same way. Simply put, we have become creatures of convenience, transparency, immediacy and personalization. And this should be no different when it comes to managing travel.

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For our friends in the travel business, this means you can expect continued innovation from us. You can also expect a continuation of our willingness to partner to add value and improve the experiences of our customers. You can look to us to uncover new opportunities for partnerships as we evolve our core offerings.

We're in the midst of a generational shift in how people think about mobility and we are working across the organization to ensure we are best positioned to meet the needs of our customers in the years and decades ahead.



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much as 10 percent of a flight's cost back in credits toward another flight.

Such programs also offer reporting for buyers and usually have no minimum threshold to join.

SPOT-BUYING IN AN UNBUNDLING WORLD

Airlines unbundling amenities from fares is nothing new. This

month marks 10 years since Delta became the first U.S. legacy carrier to introduce a fee for the first checked bag. The recent proliferation of basic economy fees, now appearing not just on domestic routes but also on transatlantic routes has added another wrinkle to spot-buying.

Unlike bag fees, which go direct to

the bottom line, many of the restrictions that come with basic economy fares impact travelers more: low boarding priority and no seat selection, for example. Some, such as no cancellations or changes and not allowing travelers to use overhead space, can add costs directly to travel programs, too.

SMEs also have to contend with the growth of third-party channel booking fees. All three of the major European carriers now issue surcharges on bookings made through global distribution systems, though certain TMCs have negotiated to bypass that fee.

At the same time, airline adoption of the International Air Transport Association's New Distribution Capability communication standard is on the rise. As it stands to change the ways airlines are able to present content and offers to corporate travel buyers, some SME buyers already are lining up to see whether it could benefit their travel programs, American Airlines SVP of global sales and distribution Alison Taylor said at the recent Association of Corporate Travel Executive's conference in New York.

After American, which has said it will not impose a GDS surcharge but instead is offering incentives for those who work with it on NDC, hosted a summit on NDC last summer, 250 customers have expressed interest in working directly with American on NDC, Taylor said. That includes several agencies and TMCs but also some SME corporate travel buyers, she said.

"We haven't written to them. We haven't done marketing to them," Taylor said. "It's come because they want to move quickly and want to be able to manage with their corporate management they have in place for their program [with] access to everything we have at AA.com."

She said that interest is coming from clients all around the world, particularly Latin America. ■

WHAT IS NDC?

New Distribution Capability is an XML-based data transmission standard launched by the International Air Transport Association. It's designed to improve communication between airlines and both agents and travelers. Unlike pre-XML distribution methods, NDC provides a standard for transmitting rich content, such as pictures and video, for delivering tailored fare offerings based on who is shopping for and distributing ancillary airline products in a more modern way. This "allows airlines to become a retailer in the more traditional sense" and also provides third-party sellers a standard to sell airline content, according to Airlines Reporting Corp. president and CEO Mike Premo.

HOW DOES ADOPTION WORK?

IATA has designated three levels of NDC adoption. Level 1 involves only the sale of ancillaries post-booking. Level 2 involves shopping both fares and ancillaries. Level 3 involves end-to-end management, from shopping to fulfillment.

IS NDC SYNONYMOUS WITH DIRECT CONNECT?

No. While it provides a set of standards for those who wish to go that route, travel management companies, global distribution systems and other third parties also are participating.

WHO IS USING NDC?

IATA lists more than 100 companies in its NDC registry. About half are airlines and half are airline sellers, aggregators and technology providers. Considering there are more than 800 airlines in the world, that remains a small percentage.

HOW DOES NDC BENEFIT CORPORATE TRAVEL BUYERS?

NDC is a method for airlines to replicate direct channel capabilities on TMC, GDS and other corporate booking channels, American Airlines SVP of global sales and distribution Alison Taylor said. For buyers, it also provides an opportunity to deliver negotiated fare bundles specific to their travelers' needs. "Right now, travelers are not having the same kind of experience in corporate channels as they are in the consumer world," Microsoft global travel sourcing manager Diane Lundeen Smith said. "It will be fantastic once it's evolved for our travelers."

THIS IS ALL NEW TO ME. AM I HOPELESSLY BEHIND?

Not at all. Premo expects 2018 to be a tipping point for NDC awareness, so you are in good company. In a few years, it could be a different picture. Taylor hopes to have 50 percent of corporate customers using NDC by 2020, though "it is up to them, not to us." IATA gives its "longer-term vision" for mass adoption as 2025. For now, however, a lot remains to sort out. "We believe it will change everything about the industry and bring a lot of new aspects to the RFP, but not at the moment," Turkish Airlines regional corporate sales manager Omer Sirka said. So far in the RFP, NDC has not come up, so we are getting the education and need to try to understand more."

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IHG® is one of the world's leading hotel companies, with more than 5,300 hotels across nearly 100 countries. Our franchised estate represents over 3,400 unique owners and operators around the world—each their own small or midsize business. IHG is built on the collective success of small businesses, which is why we're dedicated to addressing the challenges and motivations of small and midsize enterprise travel managers and their travelers.

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Last year, IHG asked how we could work together to develop creative solutions to meet the unique needs of companies like yours. You told us that while your responsibilities are expanding, the time you can dedicate to managing travel is shrinking. We then asked some of you to preview our early efforts on a program tailored to address what we understood to be your biggest pain points: access to better travel rates and actionable data.

Our findings confirmed that the industry's approach to SME offerings is too narrow. In addition to a travel discount, you asked for solutions that help you quickly make informed decisions, benefits aimed specifically at your travelers, and resources to learn from other companies like yours. We're incorporating these insights into a solution designed specifically for SMEs, *by SMEs*, which we are on track to launch this fall.

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Compelling content and insights are invaluable when managing your travel and your business, but it's not always easy to find exactly what you need. In our research, SME buyers told us they need resources to support their roles beyond travel management, guidance on maximizing travelers' time on the road, and reporting on their company's spending and savings with hotel partners. To address these needs, we're designing one easily accessible tool to house all relevant resources so you can quickly make informed decisions for your business.



A Better Way to Negotiate

The average hotel RFP negotiation process consumes over two months, a commitment larger corporations with dedicated travel management resources can make. With so many competing priorities, most SMEs don't have the time necessary to engage in this lengthy process. We believe any solution should enable SMEs to receive corporate rates—without having to navigate time-consuming corporate negotiations—when they choose to do business with IHG. This spring, we took the first step in simplifying this process for SMEs with our new groups and meetings digital experience (ihg.com/meetings), where planners can easily search locations, compare venues, and submit one RFP to up to 10 best-fit properties with a single click.

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Alexander Mann Solutions Builds Policy Bot

Travelers' evolving communication preferences motivated one midsize European travel program to introduce Travis, an automated, chat-based tool that responds to travel policy inquiries.

Travis is named for his travel department's motto, "Travel Is Simple." He was built by Michael McSperrin, the Krakow, Poland-based global head of facilities and support services for talent acquisition and management consultancy Alexander Mann Solutions.

The new chatbot provides automated responses to written questions posed by AMS employees about travel policy and process. McSperrin built the bot using a Microsoft platform called QnA Maker. "You can create a database of questions along with corresponding answers, and you can interact with it on different platforms," said McSperrin. AMS is deploying Travis mainly on Skype for Business, which offers messaging in addition to the video-call service for which it is better known. Travis also will deploy on a Web platform.

Fifty travelers at AMS have participated in pilots of Travis since January, and the bot is scheduled for companywide launch in July.

AMS has 2,750 employees in EMEA, and 600 each in the U.S. and Asia/Pacific. It spends an annual seven-figure euro sum on travel. About half the company's employees

travel each year. Global online adoption through travel management company Egencia is north of 90 percent. There is in-country support from Egencia in Poland and the U.K., which account for 50 percent of the global workforce, and a regional reservations center in Belgium for those based elsewhere in EMEA. English is spoken throughout the company.

CHANGING COMMUNICATIONS

McSperrin does not consider himself an expert technologist, but he used QnA Maker without any training. He did bring in the AMS IT team, however, to connect Travis to Skype for Business.

McSperrin introduced Travis because "it's just the way the world is working these days," he said. "We find people want information instantly and quickly just like they have on their mobile phones. Our top 30 travelers generally know what to do, what the policy is and how the system works, but employees who travel only once a year or even once a quarter are not necessarily familiar with them. We were getting a lot of questions from people who, for example, didn't know how to log into their profile or who was going to make the approval for their booking—very simple, basic questions."

"It's just the way the world is working these days. We find people want information instantly and quickly, just like they have on their mobile phones."

Alexander Mann Solutions' Michael McSperrin

The company has a SharePoint intranet site with a static document answering all the most common policy questions, but "we were still getting a lot of these questions coming through," McSperrin said. "People tend to rely on someone knowing what they need to know rather than going looking for it. Instead of logging on to a portal, going to the right page, finding the right document and looking through it, they would much rather ping a message to someone and rely on them to give the answer."

He added, "We did direct people to the website, but people either wouldn't look or wouldn't find the answers they were looking for because they only skim-read it."

WHAT GOES INTO A CHATBOT DATABASE

AMS was investigating artificial intelligence and robotics to improve interaction with customers when McSperrin discovered QnA Maker and saw an opportunity to use similar technology for in-house communications.

Initially, McSperrin uploaded the SharePoint Q&A to create the Travis database, but early testing with travelers taught him how much more was required, especially the

need to recognize variations in vocabulary and phrasing: the different ways to ask the same question.

Inputting variations has proved time consuming. McSperrin has also programmed small talk—such as responses to “How are you?”—into the tool to make interaction natural and, therefore, warm employee attitudes towards the tool.

But is it really worth all the effort? It’s too early to answer that question with statistical evidence, but McSperrin said, “Ultimately, yes. We recognize some time needs to be invested into it, but in the long term, we

“The time saved on answering routine questions can be redirected to answering more complex questions.”

Alexander Mann Solutions’ Michael McSperrin

believe it will pay off. The time saved on answering routine questions can be redirected to answering complex questions.”

If Travis cannot find an answer, it advises the employee to contact the travel team, and QnA Maker logs the questions it is unable to answer. McSperrin and colleagues write responses and upload them to the bot in real time if the questions are relevant for a wider audience.

WHERE TO GO FROM HERE

Travis has its limitations. It is not a fully fledged chatbot. “It can’t validate,” said McSperrin. “For example, if a traveler asks, ‘What are our preferred

hotels?’ It can’t come back and say, ‘In which location?’ Farther down the line, we want to build Travis out to be a more intelligent bot so that it can ask those verifying questions.” McSperrin said a Travis 2.0 of this kind would require a switch from QnA Maker to other, more sophisticated Microsoft chatbot tools.

Before going deeper with its chatbot development, however, AMS is likely to go wider. The company plans to use the experience of creating Travis to build similar tools for answering frequent staff questions about topics such as finance and HR. ■

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Medidata Taps Boutique Market for Hotel Program

Newly minted travel manager Daniel Honig found major value & enhanced traveler experience as he built the medical software firm's fresh hotel program.

Medical software-as-a-service company Medidata is growing. Payroll has swelled to over 2,000 employees, and revenue increased 18 percent in 2017. While still midsize, the medical technology company has a global footprint, with offices in New York, Shanghai, London, Seoul, San Francisco and Tokyo. It says its great corporate culture and work environment has attracted top talent.

As the company has grown, its travel volume also has increased. Medidata realized it had an opportunity to leverage its increasing travel volume to improve the experiences of its travelers and secure lower costs. When the company hired Daniel Honig in October 2017 as its first dedicated travel manager, he went after the big opportunity he saw in the lodging program.

ENGAGING WITH TRAVELERS

Honig compared data from Medidata's travel agency and internal reports to understand where travelers were going and how long their trips were. He engaged with the company's "road warriors and a lot of our frequent travelers to see what issues impact them the most because they are the ones on the road all the time," he said.

Many travel managers in Honig's shoes would have approached big hotel chains because they are seen as safe bets when it comes to familiarity and quality. "The thought process is: There are these huge standards installed in the big-box hotels of the world. It's safe; we know what we are going to get," said Honig.

Plus, business travelers hold dear

their big brand loyalty programs. Honig knew it would be a challenge to pull them away from those, but he also believed a midsize program might not fare well trying to negotiate the large-brand market. "People think you should do a deal with Marriott because it has all the market share," he said. "That doesn't work for a midsize" program.

BUILDING THE PROGRAM

Instead, Honig went after the smaller and midsize boutique chains to pursue a great experience at a better rate. "Business travel is not fun ... so anything you could do to make it fun is a great benefit," he said.

First, he went after properties near Medidata's headquarters in New York City; then he built a cohesive experience around the globe. "I went to our office locations in London, Shanghai, Seoul and Tokyo because I wanted everything globally to elevate the traveler experience," he said.

For each property, Honig investigated the vibe in the surrounding neighborhoods, lobbies, food and beverage, the rooms and business amenities. He also established rapport face-to-face with the hoteliers via these visits. "You yield better results when you have that interaction with the head of sales versus sending an unsolicited email," he said. He also had hoteliers come to the main offices to familiarize them with Medidata's culture.

He worked with his agency to send RFPs to four or five hotels in each city. He leaned on his TMC to understand typical rates in each market so he had a clear starting point for negotiations.

"People think you should do a deal with Marriott because it has all the market share. That doesn't work for a midsize" program.

Medidata's Daniel Honig

Honig said he secured great rates. "By going there, it showed the suppliers we were really serious about the program. And I [learned] that for some of these smaller brands, it's such a feather in the cap of their portfolio to work with a midsize American company."

ADOPTION & COMPLIANCE

He also customized messaging to influence travelers. "[We concentrated on] what affects them the most, so it [listed] distance from the office, benefits, cool features of the property," he said. He added that the service and amenity standards at the boutique luxury chains made "such a compelling case [that our travelers] can't fathom booking a big brand hotel at a higher cost."

Medidata also allows employees to book corporate negotiated rates for leisure travel. "If people want to use the rate for personal [travel], it helps our volume. The hotel loves the additional revenue," he said. "It's a win-win for the traveler and the company."

ALWAYS EDUCATING

Reduced rates and luxury experiences have incentivized adoption. "People have been adopting extremely well," Honig said. When a traveler doesn't take advantage of a preferred property, Honig has a conversation with the person. "If someone finds a lower-priced hotel using the correct booking methods, I can't get upset about it, but I would like to have a conversation," he said. He makes sure they know about the properties and the benefits now available to them via his program. ■

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City	Avg Hotel Cost Across Selected Tiers	Avg Car Rental Cost Across Selected Classes	Total Cost for Selected Meals	Total Daily Cost	YOY Change
Akron, OH	\$141.75	\$44.17	\$66.53	\$272.46	1.45%
Albany, NY	\$162.91	\$46.28	\$65.73	\$304.92	-2.50%
Albuquerque, NM	\$122.03	\$48.10	\$66.53	\$256.67	2.44%
Allentown, PA	\$152.52	\$40.66	\$66.66	\$282.65	1.96%
Anaheim, CA	\$190.14	\$42.98	\$103.21	\$336.33	-0.38%
Atlanta, GA	\$173.76	\$48.06	\$106.37	\$328.19	0.11%
Austin, TX	\$198.43	\$32.75	\$102.12	\$333.31	0.92%
Bakersfield, CA	\$123.21	\$42.13	\$65.47	\$248.81	1.69%
Baltimore, MD	\$188.53	\$43.98	\$109.50	\$342.01	0.13%
Baton Rouge, LA	\$138.53	\$48.83	\$90.91	\$278.27	-3.30%
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Hogan Lovells Ditches The TMC RFP Process

Deputy COO Darren Mitchell decided to skip reading piles of formulaic RFP responses. Instead, he opted for qualitative, in-person meetings with a handful of TMCs.

Whoever decided that RFPs are the law of the land? Certainly not the lawyers at Hogan Lovells. The global law firm, the result of a 2010 merger between Hogan & Hartson and Lovells, prides itself on doing things a bit differently. So when deputy COO Darren Mitchell decided to choose a new U.S. travel management company that eventually could scale to replace the mishmash of TMCs serving the law firm's other markets, he was open to consulting firm Festive Road's proposal of a new way to shop around.

Gone are the traditional 92-page RFPs that prospective TMCs auto-fill with canned responses. Instead, Mitchell started with a list of about 20 candidates that Festive Road assembled, some well-known and some unexpected. They invited eight in for meet-and-greets and brought in four of those in for a follow-up hangout.

The idea of it all was that Festive Road knew the players well enough that it could tell Hogan Lovells generally what TMCs would have said in their RFPs and later could "check the nuts and bolts and make sure that they were really up to delivering what we wanted them to be able to deliver," Mitchell said. The face-to-face meetings filled in for Mitchell: "What's the cultural fit going to be like? How's it going to be working together? How well do they really understand how the market's changing?"

"There was a lot more energy in the process" compared with an RFP, Mitchell said. "And you swiftly got to the people who you felt really understood us and really understood frankly their industry and their company."

Festive Road managing partner Caroline Strachan framed it in terms of a quote she once heard: "Culture is how people behave when no one's looking." She added: "The issue with a sales process is: Of course we're all looking, so you put your glossy image ahead as a supplier and you show up in a particular way. But ... as a buyer, you want to understand how they really operate and you need to be able to visualize yourself ahead nine, 12 months' time in that relationship and what's it going to be like to work with these people?"

Also pivotal was who was doing the talking. Mitchell noted, "We said, 'Don't bring a load of marketing people who can talk in the nice fluffy stuff. Bring people who are operational, that we can then really get a sense of: These are the people who will be working with on our account.'"

The TMC that won told Mitchell recently that the process gave the agency a clear sense of what was important to Hogan Lovells. "It just helped short-circuit a lot of those things which you get to through a negotiation process," Mitchell said, "but rather than it being a kind of a contentious thing, it was like, 'Let's ... see how we get on, and then let's go on a journey forward from that point.'" All told, it was an expeditious

process for both the law firm and the TMC, he said.

SO WHO WON?

Hogan Lovells started its TMC search with the U.S. top of mind. That's where about half its 2,500 travelers are based. Still the firm aims for a globalized travel program, and thus Lawyers Travel, a niche player that operates only in the U.S., made for "an interesting choice," Mitchell said. "It was not necessarily the ideal solution, in that it wasn't a natural global player, but for us, getting the quality of service and getting people who understood what it was that we were after and had a cultural fit, people who we could feel we trusted—that was a key part." Lawyers Travel, a subsidiary of Ovation Corporate Travel, has a relationship with BCD Travel through which Hogan Lovells soon will explore globalization.

It's intimidating to break from norms, but bucking the TMC RFP tradition didn't shake Mitchell's confidence in the results. "Let's face it: When they do these big RFP proposals and they send through a document which is 50 pages long, you never fully digest the entirety of their return anyway," he said. "The view I took was: Frankly, if I'm going to invest time in this process, I'd much rather invest that time being in a room with these big companies to make sure that we were making the right choice in terms of fit." ■

RFP-FREE: TWO MONTHS TO A NEW TMC

September 2017

Hogan Lovells deputy COO Darren Mitchell brought in Festive Road to help his company select a new U.S. travel management company.

November

Mitchell had a one-hour, in-person meet-and-greet with eight candidates that seemed like viable cultural fits.

December

Mitchell had a three-day, meatier meeting with each of four finalists, and the law firm made its choice.

January 2018

Lawyers negotiated the legalese.

February

The firm signed a contract for its new TMC.

May

David McDonald, formerly of Bank of America and PwC, has joined to establish a global travel manager role.

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Smaller Players That Are Finding Their Niche

Emerging managed travel technologies are raking in funds from investors. That goes particularly for those targeting small and midmarket clients; check out the roundup of funding news from young companies in the SME space. Other companies continue to develop without recent capital infusions. Instead, they are finding their way with new distribution models and by introducing new features to appeal to a wider audience.

30SECONDDSTOFLY

AI travel assistant developer 30SecondsToFly has pivoted its business model from serving small and midsize businesses to providing an AI-powered platform for travel management companies. Previously, the company's AI travel assistant, Claire, provided personalized flight booking recommendations to small and midsize businesses. Now, the platform will help TMCs streamline agent operations and improve the speed and coverage of their customer support services. The company no longer will invest actively in acquiring small and midsize customers.

TRAVELBANK

Trip budget/incentives booking and expense platform Travelbank has added hotel bookings and sharing economy lodging options to complement its air bookings. The tool—available on desktop, iOS and Android—provides access to more than 500,000 hotel properties. TravelBank also has launched LodgingX, which offers Airbnb, VRBO and HomeAway properties in the booking tool and makes incentives available to business travelers booking such alternative accommodations or staying with friends. The company also has developed an analytics dashboard for companies to view travel spend. TravelBank aims to corral travel spend among small businesses in order to negotiate supplier discounts, and it shares commissions with travel programs. Traveler rewards come in the form of gift cards for Uber, Lyft, RedAwning, Amazon and others.

TEAMPAY

Virtual card payment startup Teampay has raised \$4 million. Teampay is an operations payment tools that can address office supplies to media buys, including travel. A corporate client's employee can request a Teampay virtual card through Slack or through Teampay's portal. After a manager's approval, the employee receives a digital copy of the card. Companies can set the amount that can be charged to a card, set expiration dates and limit purchases to certain merchant codes. The administrator platform gives managers visibility into spend by transaction, vendor, department or employee. The startup will direct its new capital toward sales and marketing and to building new card features and working on corporate partnerships.

TRAVELPERK

Business travel booking and trip management software TravelPerk raised \$21 million in its second round of venture capital funding, bringing its total raise to \$30 million. TravelPerk brings in content from global distribution systems Travelport and Amadeus, platforms like Airbnb, online travel agencies like Booking.com and metasearch company SkyScanner, as well as hotels, rail operators and airlines. The company also serves as a single vendor for all payments and integrates with expense management provider Expensify. In the past 12 months TravelPerk's booking volume by dollar has risen 1,200 percent, and the company claims more than 1,000 client companies in 40 countries.

TravelPerk plans to hire more engineers, sales reps and customer support staffers and will open offices in as many as five additional countries, according to marketing VP Gidi Pridor. It also will bring in more supplier-direct inventory and integrate with additional expense management and accounting providers.

TRIP ACTIONS

Business travel booking and support platform TripActions raised \$51 million in Series B financing, bringing its total raise to \$78 million in four rounds of funding. TripActions provides aggregated content from Sabre, Expedia and priceline. It delivers to small and midsize companies an AI-enhanced mobile booking tool that can integrate corporate policy, plus primarily chat-based travel agent support services. It incentivizes users with a price to beat, based on real-time content options, and rewards travelers in a points-based system for booking under that target. TripActions snagged longtime BCD Travel executive Bob Brindley last year to run its supplier-partnership strategy. With the new funds, the company plans to increase its AI investment and focus resources on the technical infrastructure to support its supplier direct, corporate and consumer content strategy. It will also invest in its human agent-driven support services, according to CEO Ariel Cohen.

SHEP

Austin-based startup Shep has built a “lightweight” browser extension, compatible with Google Chrome. Client administrators can set spending limits for flights and hotels, invite employees to install the Chrome extension and start booking on public travel sites. Pop-up alerts warn travelers of overspending, and the software “puts easy-to-understand green boxes around results that are in policy,” according to Shep’s website. It also tracks booking and policy compliance in real time. For now, booking confirmations are grabbed through HTML scraping. Formerly known as Compl.ai, Shep is starting with the unmanaged set. It raised \$1.4 million in seed funding, led by Moonshots Capital, in February. It’s in closed beta and expects to be more broadly available this year. It lists American Airlines, Delta, JetBlue and Southwest as compatible airlines and Expedia, Hotels.com, Priceline.com and Travelocity as compatible travel sites. “For other websites,” said CEO Daniel Senyard, “we’ll pop up something to say, ‘This is not being tracked, but forward your invoices.’”



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DEC. 10, 2018

So You've Been Asked to Manage Travel. Now What?

Twenty years ago, an HR executive asked me how to evaluate the success of a managed travel program. As a result, I created a checklist of the components of an effectively managed corporate travel program as my scorecard. Since then, I've used and shared this resource checklist with new travel managers and companies approaching travel management for the first time. It has changed through the years, but it provides the main elements of a well-managed program. Word of advice: You may not be able to tackle everything at once. Take a step back and create a plan to address the following areas one by one.

T&E POLICY

A successful travel policy provides clear expectations for traveling employees about how to book their travel, what expenses are allowable, ethical expectations and which suppliers are preferred and creates awareness around traveler safety, as well as how travel affects the organization's bottom line. Travel policies should address both global and regional/in-country variances, reflect the culture of the organization and, while establishing controls, provide enough flexibility and choice for travelers to achieve business objectives. They should also address the issue of supplier loyalty programs and how points should be handled. These days, many of the policy directives around booking guidelines, preferred supplier usage, advance purchase and other details can be configured into the

shopping, payment, booking and expense process in a company's online T&E tool. This can simplify what used to be a lengthy policy document that might fall into TLDR (too long, didn't read) territory. Don't forget to educate travelers about the benefits for them in a managed travel program; upgraded amenities and services mean a lot, as does traveler security. Work with procurement, HR, finance and accounting stakeholders to ensure all company policies are aligned.

TRAVEL MANAGEMENT COMPANY

A corporate travel agency, also referred to as a travel management company or TMC, offers many program benefits and services. In addition to processing all transactions, supporting traveler security processes, maintaining the company online booking tool and providing reporting on associated policy compliance, your TMC can advise on policy development, implementation and ongoing program management and often will offer support services for supplier sourcing efforts. Organizations that do not have adequate travel volume to achieve contracts with suppliers can take advantage of deals already negotiated by their TMC. Ideally, midsize organizations should limit their TMC relationships to one or two partners. If the organization is global, there could be an argument for a regionalized approach to TMC partnerships, but there would have to be volume to sustain it. For midsize organizations, the TMC generally provides access to online self-booking

technology and dedicated or designated travel agents to support complex reservations. Agents should be accessible via phone, email and, these days, chat or text messaging. The TMC should also be the first touchpoint for booked travel reporting (see page 38). Very importantly, TMCs offer support to travelers experiencing disruptions and can largely remove these issues from the travel manager's responsibilities.

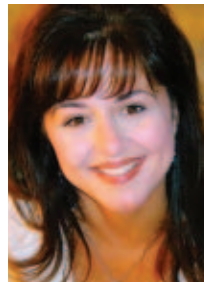
ONLINE BOOKING TECHNOLOGY

Corporate online booking technologies may appear similar to consumer travel booking websites. However, managed corporate booking tools allow for policy configurations and content biasing, which places the organization's preferred suppliers at the top of search results and flags selections that fall outside policy parameters. Booking tools can be set to notify managers of out-of-policy bookings, and if the organization chooses, these tools also can traffic itineraries to managers for approval before final booking. Using an online booking tool reduces the fees TMCs charge for agent-assisted bookings. For this reason and for the convenience that self-booking offers travelers, many companies strive to direct a majority of travelers to the online tool. Complex itineraries and VIP travelers may still require an agent.

EXPENSE TECHNOLOGY

While online booking tools often are accessed via a reseller

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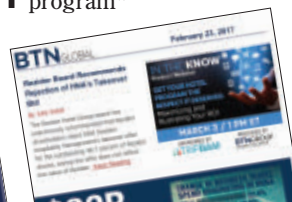
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agreement through the TMC partner, this is not always the case with expense reporting technology. In fact, many companies implement an expense reporting technology before they venture into travel management technology. The TMC can consult with clients regarding an integrated T&E supplier. If the client organization already has an expense system in place, it is ideal to source and implement a booking tool that will integrate easily with the existing expense technology. Online expense technologies ease the travel expense reporting and reimbursement process for travelers. Travel managers should work with the finance department to align travel policy with expense policy and optimize associated technologies, as the two are closely related.

PAYMENT SOLUTIONS

Corporate cards, purchase cards, virtual cards and ghost central bill cards are all payment methods associated with travel. Again, payment solutions may or may not be the sole purview of the travel manager in a midsize company. Finance and treasury also may be involved. Travel managers should understand types of payment solutions available to travelers, as well as the billing and liability structures behind them. In North America, although individual billing with individual liability has been thought to protect organizations from risk, corporate liability/corporate pay tends to yield the best financial return. Payment solutions need to align with the culture of the company and with the employee population. Travel managers should work with finance to define payment policies and procedures so the payment types selected can be implemented correctly within the travel booking process.

STRATEGIC SOURCING

Preferred supplier relationships generally provide rate discounts and/or enhanced amenities and services for an organization's business travelers, but they are based on the client's travel volume and often on marketshare requirements and/or guarantees. Although some smaller midsize companies may not be in a position to forge preferred relationships directly with suppliers due to lower spend volumes, they can leverage their TMCs' supplier relationships, benchmarking and buying power to optimize savings.

TRAVEL SPEND REPORTING

Travel spend reporting is key, and there are many sources of data. The TMC is the logical first choice for data analysis, but it likely provides only travel booking and purchasing behavior data and may not reflect actual travel spend. Still, it provides a lot of information that travel managers require, including advance purchase percentages, lowest logical fare utilization, class of service percentages, unused nonrefundable ticket utilization, preferred supplier performance and agency performance against contracted service level agreements. Expense systems and payment solutions also offer valuable travel data, and more organizations are combining these data sources to get a full view of their business travel activities.

EXPENSE REPORTING

Expense data combined with payment data can provide the best view of actual spend data for both travel and non-travel related business expenses but typically will not reflect the itemization required for tax reporting or show the booking behavior, ancillary fees or type of booking unless the expense system requires employees to perform the itemization and reconciliation. It

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is also necessary to normalize expense system data globally and when compared to payment or TMC booking data, as the merchant/receipt data provided may not align. By-country policies may not align, either. Global expense policy alignment, whenever possible, is critical during the expense technology implementation in order to yield the best results in actual spend reporting globally. New technology providers offer travel, expense, payment and HR data integration and normalization for improved and timely visualization of both booking behaviors and actual spend categories for improved policy compliance and program optimization.

TRAVELER DUTY OF CARE

Traveler safety and security and how the organization provides duty of care to business travelers have become an increasing focus over the past few years. Travel managers should use their TMC and corporate security partners to access both pre-trip reporting and country risk ratings to understand which, if any, trips are considered high risk and require mitigation strategies before the traveler departs. The organization also may tap into travel risk alerts from their agency and/or corporate security partners and lean on them for logistical support in emergencies. Company security departments typically contract with third-party risk management and insurance providers to supply on-the-ground assistance to travelers in crisis. Travel managers also may want to require in their policies that travelers executing high-risk travel check in with the organization on a regular basis. Organizations also should include technology guidelines in their travel policies to secure data and intellectual property. ■

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