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ON THE HORIZON

The Transportation Security Administration plans to experiment with other ways to segment airport passengers for risk screening but plans to preserve the advantages travelers get from Precheck.

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The daunting job of data analytics looms large over corporate travel managers. Enter artificial intelligence and business intelligence tools from PredictX, Yapta & Carlson Wagonlit Travel.

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TOP STORY



The state of California's Bill Amaral, EY's Karen Hutchings, Discovery Communications' Yukari Tortorich & The Church of Jesus Christ of Latter-Day Saints' Shawn Johnson

BTN'S 2018

Travel Manager of the Year & Best Practitioners

Karen Hutchings has overhauled hotel procurement at one of the largest travel programs in the world: Her team put into play rate caps and dynamic rates, as well as price assurance technology, to slash the amount of time they spend on hotel RFPs. Turn inside to read all the wonky and wonderful details that motivated BTN to name Hutchings the 2018 Travel Manager of the Year. You'll also find the stories of BTN's 2018 Best Practitioners, three more travel buyers who similarly prefer bucking the system to riding the status quo.

FULL STORY ON PAGE 8

Consulting's Rising Role in Corporate Travel Management

BY AMON COHEN

The timing of business travel's biggest event, the GBTA Convention, doubtless had something to do with it, but recent weeks have seen a notably high number of announced realignments, partnerships and expansions among travel management consultancies. Some may be coincidence. However, several people believe the changes symbolize expansion and repurposing in the consultancy market. In turn, those trends are driven by profound shifts within travel management relating to new skill sets and strategic demands, technological advances, an exponentially growing supplier base, resource shortages and geographic coverage.

Areka Consulting managing partner for the Americas Louise Miller, who recently moved to the company from BCD Travel, singles out a group of travel management professionals aged

roughly 45 to 65 who are pioneering many of the changes. Her view is endorsed by Ann Dery, director of global travel for financial data, analytics and ratings company S&P Global. "I think there is a golden age of travel managers that are getting to the third act of our careers," she said. "We look behind us and there aren't many travel managers who have experienced what we have." Dery's argument is that travel managers were operational specialists whose roles expanded and professionalized over the past decade by moving into procurement departments. That gave travel managers methodologies and tools to handle sourcing exercises with greater objectivity.

This generation of travel managers make for ideal consultants, Dery believes. What is more, she said, "the

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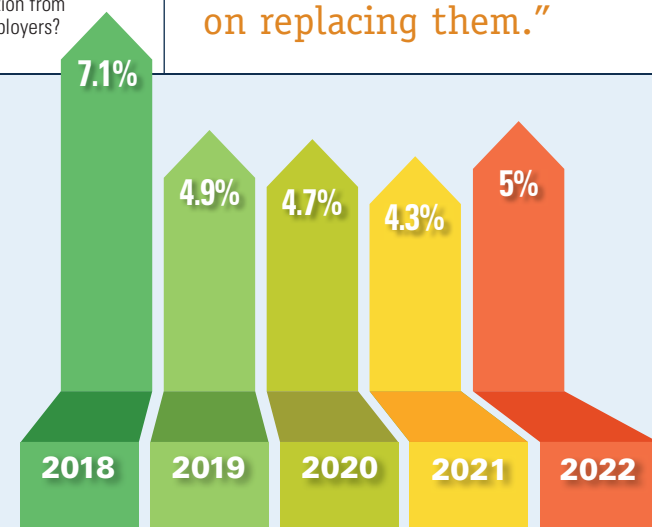
Ariel Cohen, CEO of startup TripActions, on vying with mega travel management companies

"We're never shy on the fact that we want to take the market, so our competitors are Amex GBT, BCD, Carlson, Egencia. And we are very capable and very successful on replacing them."

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Global Business Travel Spend Forecast

How fast will spend grow through 2022?



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TSA Administrator Pecoske Pledges to Uphold Precheck Advantage Amid Security Enhancements

BY MICHAEL B. BAKER

The U.S. Transportation Security Administration plans to experiment with “further segmentation of passengers by risk” beyond its Precheck program in the coming months, but travelers who pay for Precheck will continue to get their money’s worth, TSA Administrator David Pecoske said.

Speaking with BTN in an interview following his mainstage appearance at the Global Business Travel Association’s annual convention, Pecoske, who just completed his first year as TSA administrator, said airports around the country are investing in larger checkpoints, which gives the TSA more flexibility in how its screening lines are structured. Besides adequate staffing for Precheck passengers, that also could include lanes for travelers who are not registered in trusted traveler programs but go through other methods of advanced screening prior to the checkpoint, such as with a canine. “Canines are very good at detecting all the things we are worried about in detecting explosive and chemicals,” he said. “If they are prescreened by a canine, we can give them a lesser level of security scrutiny than a passenger we have no information on.”

At the same time, the TSA is working with airports to improve screening technology, including its announcement in recent weeks that it is testing new CT scanners. It began testing the machines in Phoenix and Boston last year and recently deployed them to 13 additional airports, with plans to have 40 units in place by the end of the year and more than 145 in airports by the end of the 2019 fiscal year. The scanners, which can detect explosives and other dangerous items through 3D imaging, eventually could negate the need for any passengers to remove laptops or liquids from their luggage.

The TSA also has worked to expand automated screening lanes, of which there are more than 140 at over a dozen airports, and to test biometric identification technology.

However, the TSA has no intent of diluting the appeal of Precheck with these efforts, Pecoske said. Even if the CT technology, for example, made removing laptops and liquids from luggage unnecessary, non-Precheck passengers still would need to remove shoes, belts and jackets as a part of the body anomaly screening, he said. In addition, standard lanes would still, by design, have more bag searches and pat-downs, which slow them down.

As such, the TSA aims to keep waiting time in Precheck lanes to 10 minutes or less, while its goal for standard lanes is 20 minutes or less. “When passengers show up at a checkpoint and look at the Precheck



TSA Precheck line at Reagan National Airport in Washington, D.C.

“It may be the case that the Precheck lane is longer, but statistically, Precheck will still take you half of the time.”

—TRANSPORTATION SECURITY ADMINISTRATION’S DAVID PEKOSKE

lane and the standard lane, it may be the case that the Precheck lane is longer, but statistically, Precheck will still take you half of the time,” Pecoske said. “With the Precheck brand, if you want more people to go in, you have to keep that incentive.”

Pecoske aims to boost Precheck enrollment and is looking for ways to make it more convenient. One possibility will be to bring enrollment opportunities to airport lounges, where there are frequent travelers who “are the travelers we really want to get into Precheck,” he said. The TSA also wants to work more closely with U.S. Customs and Border Protection and integrate with its Global Entry program, including sharing resources and pointing registering travelers to the program that best suits their needs.

Global Outreach

In addition, the TSA is looking at ways to improve the process through cooperation with non-U.S. carriers and airports, Pecoske said. That includes “trying very hard to have much more dialogue with them” to share threat information and share some of the TSA’s own standard procedures that it has not in the past, he said. One effort has been working with airports and carriers to move security requirements from airline gates to security checkpoints. “It’s better for security, and many of those gates have never been designed to be used for large screening activities,” Pecoske said. “We’ve had a lot more cooperation, seeing if we can’t synchronize some of our procedures.”

Defending “Quiet Skies”

From the GBTA main stage, Pecoske defended one of the TSA’s more controversial programs, Quiet Skies, which came to light in a recent report by The Boston Globe. Under that program, the TSA flags certain travelers, including some U.S. citizens, that are not on the No-Fly List but have travel patterns or links to people who are on watch lists. In March, that program grew to include assigning air marshals to observe those travelers at airports and on airplanes.

Pecoske said the program “makes an awful lot of sense. We ought to be placing our limited security resources on those flights where individuals present some risks to all of the other travelers at 30,000 feet.” He added that it “is not a surveillance program or a program that profiles individuals.”

Changing a Core Value

Under Pecoske, the TSA also has worked to generate more dialogue between officers and passengers, he said. The administration in April changed one of the core values it uses in making hiring decisions from “innovation” to “respect.” As a part of that, the administration has encouraged passengers, while in line for the checkpoint, to ask questions about security requirements, including through Twitter, he said.

Pecoske also encouraged travelers to acknowledge the officers’ work when passing through checkpoints. “Respect is bidirectional, and we really are trying to be much more conversational with passengers,” Pecoske told BTN. “If you have a conversation, that by definition is better security, [compared to] having your heads down and not having eye contact.” ■

TripActions' Goal: Take On Megas & Win

Artificial intelligence-enabled mobile booking tool and travel companion TripActions rolled out a new version of its app at the Global Business Travel Association convention in San Diego. The startup also rolled out the red carpet for travel buyers, sponsored a mainstage session and had a sea of T-shirted employees raising brand awareness. Co-founder and CEO Ariel Cohen sat down with BTN editor-in-chief Elizabeth West.

TRIPACTIONS' TOTAL RAISE AT THIS POINT IS \$51 MILLION. WHAT ARE YOU SPENDING IT ON, BESIDES THE BIG MARKETING PUSH AT GBTA?

We are investing in two areas. Obviously, we continue to invest in our mobile app or Web app, going to more and more capabilities. Even more importantly, the infrastructure. If you want to be a disruptor in this space, you have to challenge the infrastructure.

WHO DO YOU CONSIDER YOUR COMPETITORS?

We're never shy on the fact that we want to take the market, so our competitors are Amex GBT, BCD, Carlson, Egencia. And we are very capable and very successful on replacing them.

I'VE NEVER SEEN TRIPACTIONS REFERRED TO AS A TRAVEL MANAGEMENT COMPANY. DO YOU CONSIDER IT A TMC?

Definitely. We are a TMC. We are a new kind of TMC. We aren't adhering to the rules of the industry in terms of who is the most important person: the user or buyer. We think the user is really important, and then comes the buyer, so that's different than a traditional TMC model. We are also not as obsessed on back-end commissions and stuff like that. I'm very bullish about creating value [for] our customers. [The fact that we have] the ability to charge for this value suggests that we are creating value. Being highly dependent on others [for revenue] isn't a value-based business model. So we are a TMC, but we are a completely different TMC. That's what a disruptor does, right?

PART OF TRIPACTIONS' DISRUPTIVE POWER IS ITS USE OF TECHNOLOGY NOT ONLY TO BRING IN CONTENT BUT ALSO TO RATIONALIZE IT THROUGH MACHINE LEARNING.

TripActions is about creating choice, and that creates trust. If you bring all the inventory that is out there, it creates trust with the traveler and also with the [corporate] customer—things like [global distribution content] and corporate discounts. The traveler wants to see that everything out there is on the platform. Once you bring it all in, you have potential for a mess. [To make sense of it], you have to take very textual content and make data out of it. You need to take a hotel room description, for example, and make data out of it. Then you can run machine learning and create a match between the traveler, all his past behavior, other employees in the company or other companies that look like this one. It is really trying to understand the traveler, trying to understand if this room comes from a specific vendor, with this price, with these terms and conditions, etc. and creating a match. We don't automatically



TripActions' Ariel Cohen talks:

- Building the travel management company of the future
- Globalization
- Opportunity everywhere he looks

"We are a new kind of TMC. We aren't adhering to the rules of the industry in terms of who is the most important person: the user or buyer. We think the user is really important, and then comes the buyer, so that's different than a traditional TMC model."

book for the traveler, which by the way, we could. We can predict with 90 percent accuracy what the traveler will book, but we don't think the market is ready for that. We want the traveler to choose.

WHAT ABOUT ON THE AGENT SIDE? THEY HAVE TO DEAL WITH ALL THAT CONTENT, AS WELL.

As much as we are investing in the external product, we're also investing in the agent's product. It's an environment that is masking all the other environments—whether that's Sabre or Expedia or Priceline or Booking.com. We also are bringing in low-cost carriers in Europe, in Asia/Pacific via direct connects and aggregators. Internally, we have what we call the trip ID, which is an itinerary. You can have a [passenger name record] that comes from Sabre that covers a certain portion of the trip, and you can have another trip ID [or] PNR that comes from another vendor. We merge it all [in the agent environment]. When you chat with [a TripActions agent] and change a leg, we immediately know that it impacts other parts of the trip. So we're asking, "Hey, do you also want us to change your hotel?" Internally, the agent doesn't look at this as a PNR. He looks at this as a trip, which is very different than the industry, where they are just going to Sabre. We found a way to [merge all the trip elements from all the sources] and mask the complexity.

ENABLING PROACTIVE AGENT SUPPORT IS AN IMPORTANT CONCEPT FOR TRIPACTIONS. VISIBILITY INTO THE DOWNSTREAM EFFECTS OF AN ITINERARY CHANGE IS PART OF THAT, BUT WHAT ELSE IS INVOLVED?

Over the years, we added a lot of AI that can personalize stuff, and then we started focusing a lot on support. If you want to create a solution people like, you have to do proactive support. We [can] identify travelers [who] are going to have an issue way before the airline does. We reach out to the traveler through the app [and say]: "Hey, you have this problem. Here are possible solutions. Just choose one." We embed options inside the chat, and the traveler chooses. At that point, we do the full circle with itinerary. That's why we need that environment for the support agent to know the trip, to know everything about the traveler [because] personalizing it is very important. [The agent needs to know] the traveler's last Net Promoter Score, which is the measure of satisfaction; who they work for; what's the [travel] policy there? Then [the agent can] chat with the traveler and solve the issue. This is a big, big part of our investment. We get 97 percent satisfaction on our support.

WHAT'S CHANGING WITH THE TRAVELER-FACING MOBILE APP?

[In the booking path], we want to get down to the level of what type of seat they will get and what the chair looks like [on the plane]. You don't get all this from a GDS, so we think direct connect is important. We also have agreements with several providers right now, and we are implementing them as [part of] the travel companion piece of the app. There are integrations with Uber and Lyft, and we are building now the integrations to providers that will give us the airline boarding passes, seat information, pictures of the seats, everything. This is really important—and I don't think we realized this when we started—if you're creating a lot of choice, you cannot assume that people have the [mobile] app of the airline or the hotel or the provider that they booked from. To be useful to the traveler, we have to be able to provide those integrations and push the notifications

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and information to the user. It's a work in progress, and we are rolling it out now.

HOW IS MACHINE LEARNING PROVIDING SMARTER CHOICES FOR TRAVELERS?

In hotel selection, for example, you can sort it out based on loyalty clubs or you can sort it out based on our rewards feature, which saves the company money. You can sort it out by double dipping: loyalty club and our rewards. On airlines, because of branded fares, we are capable of telling the traveler, "Hey, you can choose this, but economy plus on Airline B costs the same [as] economy class on Airline A and business class is not as expensive as you think." So you present choices to travelers in a way that also offers a lot of knowledge. Of course, travel policy [limitations] are also important, but using machine learning to create knowledge and relevance for the traveler is really, really interesting.

TRIPACTIONS TAKES HOTEL COMMISSIONS AND HAS PREFERRED SUPPLIERS. IF THAT'S NOT A CENTRAL REVENUE STREAM, WHERE ARE YOU MAKING MONEY?

We have to get back to the value. We can eliminate all the noise around travel. We can make it go away. We charge for it. We charge a platform fee. We charge for our customer success services. We have the booking fee, but it's one booking fee, not a transaction fee or [a fee if] you call an agent versus booking online. We've simplified and we've averaged it out. The traveler can call us, contact us, as much as they want; that's in the booking fee. We do make money from hotels and from airlines in a traditional way. Because we can make money on the platform, on the booking fee, we are not bullish on trying to lure travelers into booking the stuff that is more for us.

YOU SAY YOU'RE COMPETING WITH THE MEGA TMCs. CAN YOU SUPPORT GLOBAL CUSTOMERS?

Definitely. That's why we have gone global so fast. Our first global office was in London, and it's really following our customers. Box has a big presence there, and Bowers & Wilkins. We've also just opened a really big office in Amsterdam, which will be our European headquarters. We brought in the head of global customer support of Netflix to manage our organization there. We are expanding into Melbourne, Australia, into Singapore. We've just launched a solution for Box in Japan.

AUSTRALIA IS AN INTERESTING CHOICE. SERKO IS BIG THERE, AND THE COMPANY HAS A SIMILAR CONTENT PHILOSOPHY TO TRIPACTIONS.

You saw me smiling because I think there is a great opportunity there. I was talking with customers there, or potential customers, and I think there is a great opportunity. Every place that I've visited, there is a great opportunity. The market is waiting for somebody to come and really present something that is more "today." And so the opportunity is everywhere.

DO YOU SEE PROFITABILITY AROUND THE CORNER?

You can't raise money at the levels we are raising if you cannot prove to investors that on the unit level, you are profitable. Now we are investing a lot in marketing, in growth, in infrastructure, which of course makes us not profitable. It's a huge market, and we want to take it. I don't see ourselves as a company being profitable anytime soon. On the unit level, however, we'll always be profitable. I think that's the only way to know if you're driving a good business. ■

The Value of Transparency



HRS CEO Tobias Ragge talks about how transparency has built HRS's business even as it has created industry tension.



Read more from Ragge, including his thoughts on the hotel RFP process, distribution fees & commissions, at businesstravelnews.com/interviews

HRS signed more than three times as much business in the first seven months of 2018 as it did in the entirety of 2017. The company—which sits at the crossroads between hotels, distribution, travel management companies and corporate buyers—may have seemed like an extra piece of the travel management puzzle five years ago but has found its niche in driving transparency through data. The company expanded to Dallas this year and will establish its third North American office by October in San Francisco. CEO Tobias Ragge answered questions from BTN editor-in-chief Elizabeth West.

YOU SAY THE CORPORATE'S DESIRE FOR CHANGE IS DRIVING HRS'S MOMENTUM. WHAT'S BEHIND THAT DESIRE?

We live in a data-driven economy. Hospitality industry DNA hasn't really been in data and tech, but it needs to move in that direction. We're building process and services around the data we create or the data we're getting access to. When we have the proof point that we are working with global technology goliaths—that are experts in data models—then it's a real big proof point for us. People begin to think, "If it's good enough to work with Google ... maybe it's also good enough for us," and they start to get more interested.

TRANSPARENCY IS CENTRAL TO YOUR VALUE PROPOSITION.

Corporations are saying, "Listen, if I have a partner who's reliable, who gives me a guaranteed price-value ratio, with quality, I'm willing to commit to that partner." They want to shift share or maybe move small meetings business to those transient partners. This is how business is done, right? But this is where the industry has been a little bit shortsighted. [Hotels worry about] yield management or losing opportunity. I'm saying, "No, the customers have a problem with the lack of transparency." There was a big debate at ACTE Europe where the buyers said they would pay two bucks more on the rate if hotels could guarantee the negotiated deal 100 percent of the time. So why not invest in giving them that? At that same conference, hoteliers were saying, "We've been doing it this other way for 20 years, and if my competitors are not investing, why should we?" As an entrepreneur, I was like, "Listen, that is the moment I double down my investment."

HRS'S RECENT ANNOUNCEMENTS ON RATE PROTECTOR AND RATE FILTER SPEAK TO THAT INVESTMENT.

Rate Filter started with auditing [corporate rate delivery] on a frequent basis. That was the Rate Protector piece. We ourselves were amazed how big the problem was. When we were using this with the first customers, we went back [to the hotel partners] and there was complete denial of the data. After we ran all the data, not just one customer, we found, in like 22 percent of the cases, the search return in the [online booking engine] was not the face value that was negotiated, and the average deviation of price was 14 percent.

I CAN SEE HOW HOTEL PARTNERS MIGHT FEEL EXPOSED.

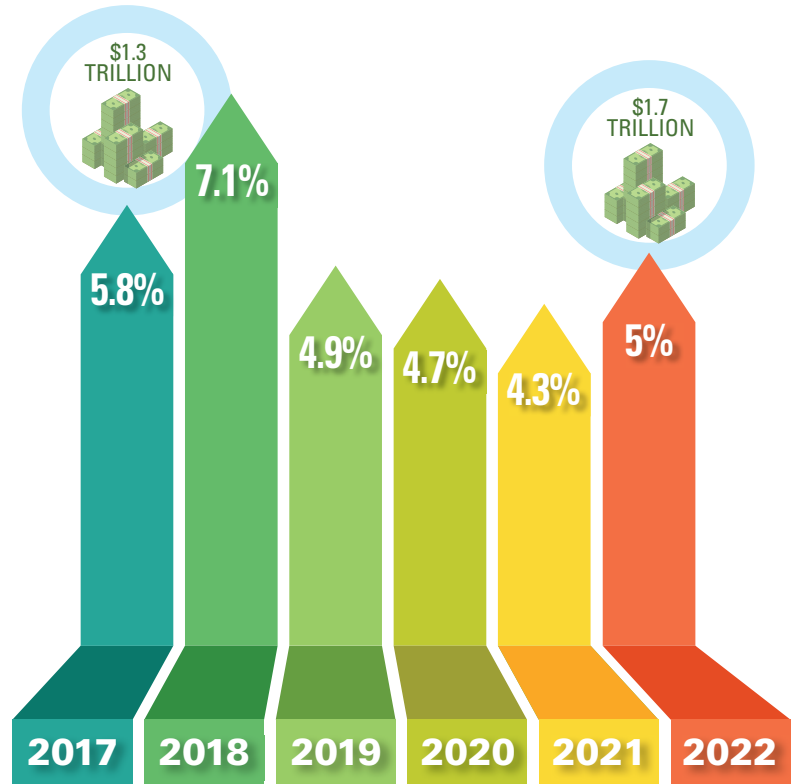
These are just the facts we see, and we may be policing but only because we believe in negotiated hotel programs and we want to police what's being negotiated. ■



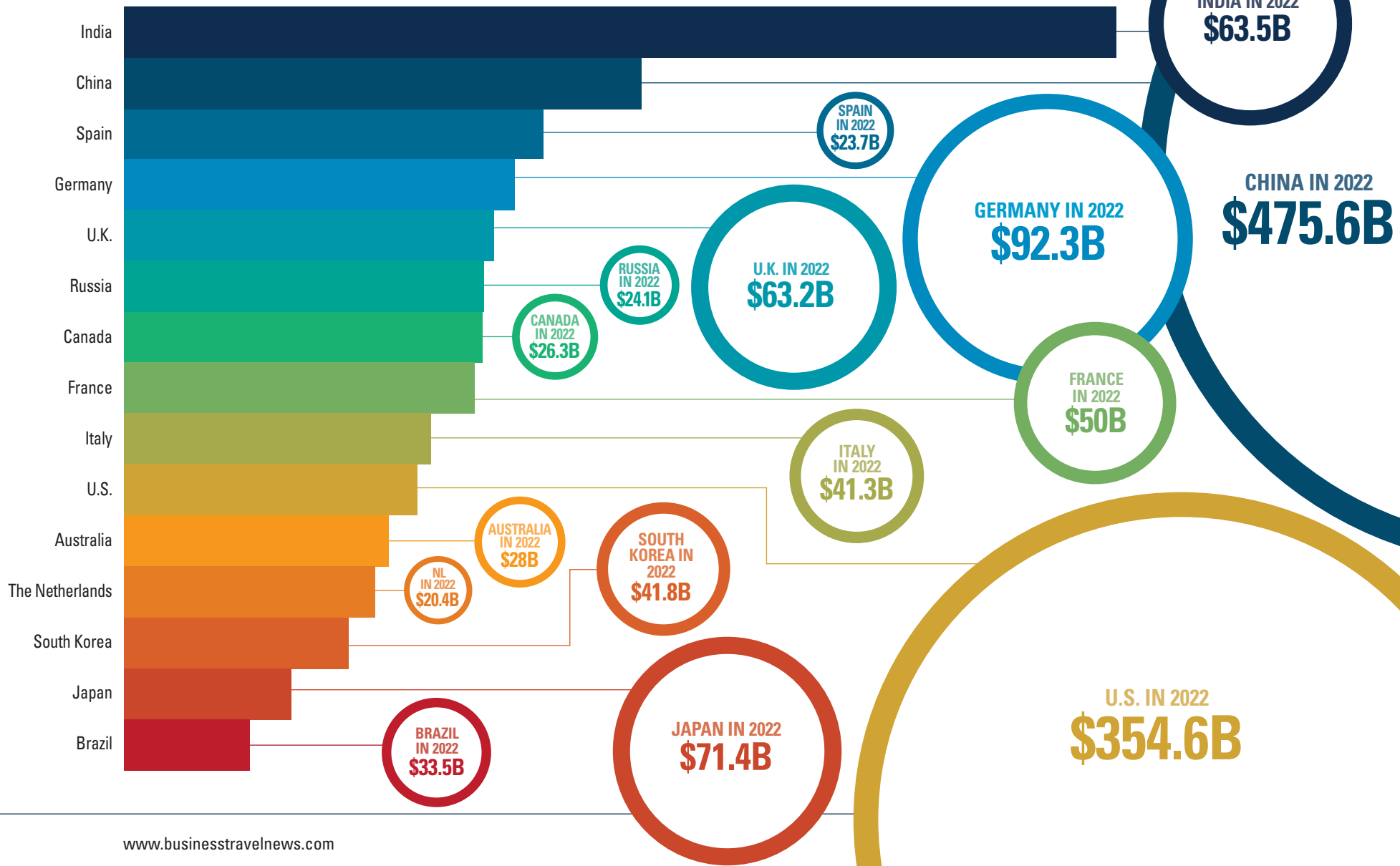
Global Business Travel Spend Will Reach \$1.7T by 2022

Global business travel spend grew 5.8 percent in 2017, an improvement on recent years' moderate numbers, according to Rockport Analytics annual GBTA BTI Outlook, put together on behalf of the Global Business Travel Association. Rockport expects to mark 2018 growth at an even higher 7.1 percent. "The two-year period spanning 2017 and 2018 is projected to be the strongest two-year period for business travel since the initial recovery from the Great Recession in 2010 and 2011," according to the report. Rockport does, however, expect growth to moderate again from 2019 through 2022, as the global economy is late in its current economic cycle. Still, growth is growth, and the industry is striding rather than inching toward the \$2 trillion mark. Here's more from the GBTA BTI Outlook.

HOW FAST WILL BUSINESS TRAVEL SPEND GROW?



2017 TO 2022 BUSINESS TRAVEL SPEND: FASTEST GROWTH VERSUS BIGGEST SPEND





EY Overhauls Hotel Procurement

By Julie Sickel

BTN's 2018 Travel Manager of the Year is EY's Karen Hutchings, who has transformed one of the largest travel programs in the world. With rate caps and a dynamic rate strategy, her team created a program with 35,000 preferred hotels. They implemented price assurance technologies that continuously rebook rooms in the dynamic environment, yielding \$1.3 million in gross savings in the first four months of 2018. Also, by reducing the labor associated with RFPs, Hutchings has unleashed hotel program resources to pursue more strategic endeavors.



KAREN HUTCHINGS
EY GLOBAL TRAVEL, MEETINGS
& EVENTS LEADER

On a Wednesday evening at the end of May, representatives from hotel companies both large and small waited patiently inside a modest-sized room on the third floor of EY's Manhattan headquarters at 5 Times Square. Some chatted politely across the rows of seats arranged in front of a projector screen. Others milled about, waiting for the presentation to begin. Many had met with EY one-on-one hours or days before to learn how their hotel agreements were faring. But now, they would hear in a broader scope the outcome of a new hotel sourcing format designed more than a year prior by EY global travel, meetings and events leader Karen Hutchings and then refined and executed by the EY hotel team, headed by global supplier leader Tim Nichols.

The approach, a modified fully dynamic rate program, on its face didn't seem terribly groundbreaking. The component parts Hutchings and her team pieced together have been around for years or even decades at EY and within the hotel and corporate travel industries. The difference rested in Hutchings' willingness to rearrange the old ingredients to create a new formula, one that would move EY from a hotel RFP season that spanned six months each year to one that lasts only six weeks.

Massive Scale, Massive Commitment

Globally, professional services and Big Four auditing firm EY employs 255,000 people and operates out of 700 offices across more than 150 countries. As Hutchings put it, there's no major city in the world that EY isn't in.

The travel, meetings and events program not only is broad but also is constantly changing as the firm enters, exits and shifts personnel



GLOBAL
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A STAR ALLIANCE MEMBER 

Congratulations, Karen Hutchings.

American Express Global Business Travel and United Airlines would like to congratulate EY's Karen Hutchings on being named the 2018 Travel Manager of the Year by Business Travel News. We are proud to call Karen a partner and applaud her on this prestigious recognition.

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TRAVEL MANAGER OF THE YEAR & BEST PRACTITIONERS

among global markets. In fiscal year 2017, EY held more than 2,000 meetings and events annually. It booked 1.8 million room nights through its travel management companies—American Express Global Business Travel, Carlson Wagonlit Travel and Hogg Robinson Group—in 105 countries and purchased about 3 million room nights total.

Prior to fiscal year 2018, EY sourced hotels using a hybrid approach: 2,500 preferred properties in primary markets, plus chainwide discounts with five global brands established through long-term master service agreements. To get to the 2,500 property agreements, Nichols worked with Gail Macajoux, Americas lodging manager, and Darren Jeacock, lodging manager for Asia/Pacific and Europe, Middle East, India and Africa. The trio would labor full-time for six months, sending out RFPs to more than 4,000 properties and battling through multiple rounds of price negotiations to winnow that number to the targeted 2,500.

The process was arduous, and even with the hotel team and an EY analytical team to assist, the volume of properties they could source formed just a drop in the bucket of EY's lodging needs. During the first six months of 2017, EY travelers stayed in more than 20,000 properties globally. "There's not the resources and man-hours to negotiate 20,000 fixed-price properties just in case you might end up staying there," Nichols said.

Building a Better Model

Nichols and Hutchings don't know precisely when the idea for a new sourcing structure first hatched. By Hutchings' recollection, the idea sprung out of her meetings every six months or so with Nichols, Macajoux and Jeacock to discuss EY's lodging program. "The hotel chains are often bandying around the concept of dynamic pricing," Hutchings said. "Certainly for me, it felt like the team was spending a significant amount of time going through the whole RFP process each year and didn't think it was the best use of their time."

Defining Dynamic Rate in Corporate Travel

HOW THE HOTEL INDUSTRY TYPICALLY DEFINES IT

A dynamic agreement between a corporate and a hotelier for a percentage-based discount off the hotel's best available rate at the time of booking. The dynamic rate can apply to a single property or to properties across a chain, which is called a chainwide discount.

HOW EY DEFINES IT

A rate that can be adjusted, either via a percentage-based discount off the best available rate or through a fixed rate that changes on a seasonal basis.

To participate in the annual hotel RFP season is to buy into a drawn-out, outdated process that nobody likes and most say is dysfunctional but few are willing to change. For years, hotel industry stakeholders have been prodding corporates to scale back RFPs or eliminate them entirely in favor of dynamic rate discounts.

A dynamic rate discount for corporates constitutes a percentage discount off the best available rate for all room types at a particular property. According to Tripbam founder and CEO Steve Reynolds, the typical dynamic discount at the property level is 20 percent or more and includes some amenities but is not commissionable. This is not to be confused with a chainwide discount, in which a corporate receives a percentage off the best available rate and that discount

covers all participating hotels within that chain. Chainwide discounts are typically 15 percent, according to Reynolds; don't include amenities; and are noncommissionable. And hotels can opt out during times of high occupancy.

Why go dynamic? Some argue that these discounts constitute a better deal for both hotels and corporates because they follow the market. During times of high occupancy, the best available rate goes up, costing corporates more. In times of low occupancy, however, the tables turn and corporates can realize better rates. But Gus Vonderheide, Hyatt VP of global sales for the Americas, said the real value of market-based dynamic rates lies elsewhere. "The misnomer a lot of times with dynamic pricing is that it's going to be a big cost savings; that it's either going to make the hotel a lot more profit or it's going to make the corporation pay a lot less in room rate," Vonderheide said. "Neither one of those are really true. This is more about a win-win from a resource and timing perspective." A dynamic model allows for longer-term contracts, Vonderheide said, enabling travel programs to stop spending several months each year embroiled in negotiations for static discounts.

But for many in the corporate travel world, the current setup for dynamic rates isn't good enough. How, for instance, do programs ensure that they're actually receiving a discount off the best rate available and not just a discount off an arbitrary, inflated rate? And how can a massive program with, say, 3 million annual room nights build a budget and keep from getting fleeced?

These were some of the problems Hutchings and the team had to grapple with in considering the shift to a fully dynamic rate program. Add to the list EY's network of independent hotel partners, as well as some larger hotel companies whose technology limitations prevent dynamic rate discounts.

To address the rate protection problem, EY leaned into a longtime feature of its hotel program. City caps, which are updated annually, limit the rate travelers can pay in a market. But EY's plan was to share those city caps with hotel partners to let them know that if they wanted EY's business, they would need to ensure that the hotel rates they offered didn't exceed the caps. Hutchings summarized it: If you're below the city cap, you're a preferred hotel. If you're above the city cap, you're not a preferred hotel. "We reviewed our existing city caps and expanded them to 585 cities," Nichols said. "We also added over 100 different countries or cities that weren't mentioned in the city caps, so we now have city and country caps." The team leveraged EY's internal real estate and hospitality group to benchmark the caps and make sure they were reasonable.

To maintain relationships with hotel partners that didn't have dynamic rate programs in place, the team determined it needed to redefine what "dynamic" meant to EY (*see Defining Dynamic Rate in Corporate Travel at left*). "When we talk about dynamic pricing, for us, it's not necessarily the traditional sense," Hutchings said. "We may have fixed, seasonal rates, but for us, that still makes it dynamic because it's moving up and down." This change, Hutchings added, would allow previous hotel partners to participate with what EY deemed a dynamic rate instead of penalizing them for not having one.

With market caps and a new dynamic definition in place, the team needed to devise a way to track the dynamic discounts. The team turned to a partner of two years, Tripbam, to assist. Reynolds said Hutchings and Nichols presented him with the program fully formed and asked not only whether Tripbam could support the structure but whether he could identify potential pitfalls based on his work with other clients that had gone dynamic. "To be honest, we really didn't come up with a whole lot in terms of reasons not to do it," Reynolds said.

BTN 2018 Best Practitioner

TORTORICH PIONEERS CONCEPTS & PRODUCTS & ADVISES NEW ENTRANTS



YUKARI TORTORICH
DISCOVERY INC.
GLOBAL TRAVEL SERVICES VP

Discovery Inc global travel services VP Yukari Tortorich is in a good spot. Her company awards her for taking risks with her travel program. “Not everything is successful,” she said. “But my innovation performance is measured on how well I try new things, not on whether we keep everything. It would be hard to take risks in a different kind of environment.”

Given that freedom, Tortorich has gained a reputation as an industry influencer, particularly for new entrants and “alternative products” offered by established players that push the status quo. She embraced Airbnb early in its push toward managed travel. She has realized value from Concur TripLink and is implementing Casto Travel’s mobile travel assistant, Marco, even as she scours the field for more opportunities.

Her pilot programs with new entrants have primed technology products for the managed travel market. “It’s exciting to work with innovative new players. They are eager to listen and incorporate feedback,” Tortorich said, citing advice she has given startups about key data elements, how they provide reporting

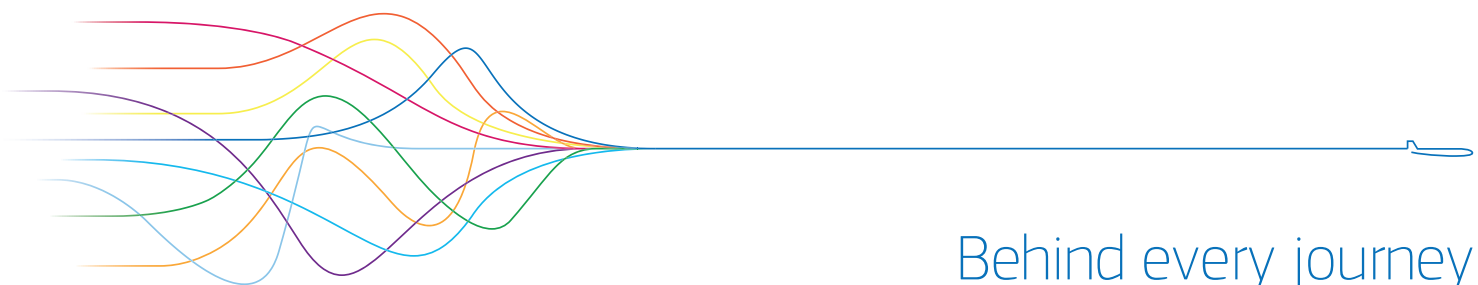
and even how they structure some of their product functionality. She pointed to Freebird, an app that instantly rebooks disrupted flights, as a prime example. “They never said ‘no’ to me,” she said. “When one of my frequent travelers had a smart idea about making a substantive [functionality] change to account for the last flight of the day, they loved it. That actually changed Freebird’s tool.”

Not every technology Tortorich pilots makes it to implementation; the scrap rate is just part of the deal. Impediments are several, such as information security issues, functionality that’s off target or a simple lack of value. “I’m always looking at what’s in it for my travelers and for my company,” she said.

Even so, the suppliers she interacts with take her feedback forward to their next engagements, having learned from the process. “I hope that what I do for my program in vetting vendors and defining what’s important for managed travel will benefit other travel programs as more companies adopt these technologies.”

—Elizabeth West

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Travel Manager
of the year

Karen Hutchings

Global Head of Travel,
Meetings & Events at EY



Best
Practitioner

Shawn Johnson

Director of Support Services
at The Church of Jesus Christ
of Latter-Day Saints



TRAVEL MANAGER OF THE YEAR & BEST PRACTITIONERS

EY uses Tripbam on an apples-to-apples basis. After a traveler books a rate through one of EY's TMCs, Tripbam "shops" that same room type with the same amenities at the same property to see if the price drops between the booking and the stay. When it does, the reservation is rebooked with EY's dynamic discount applying to the new, lower best available

Companies "are bold in what they're doing when they're talking about client-facing things, and yet in travel programs, people tend to be more conservative. We just decided that we didn't want to carry on being that way."

—EY'S KAREN HUTCHINGS

rate. Tripbam's frequent shops also allow EY to audit its hotel program, keeping track of whether hotel companies apply the best available rate discounts correctly.

EY currently has Tripbam fully in place in North America

and recently established it in Germany, the U.K. and France. It plans to deploy Tripbam in seven more countries in EMEA and move on to the Asia/Pacific region after that. In countries where Tripbam does not operate, EY uses its TMCs to monitor the rates it's paying.

Even though the new structure will, in theory, open up more options to EY travelers, EY also has incorporated Airbnb into its lodging program in some countries. The average age of the EY traveler is 27, Hutchings said, and they are staying in Airbnbs. "You could ignore it, but it would still happen. We'd much rather embrace these things." Airbnb accounts for only about 0.4 percent of EY stays, Nichols said, but it's still a seven-digit figure, so it's important to manage, and usage is expected to grow.

From Hotel Team to Sales Team

During Hutchings' six-year tenure heading EY global travel, meetings and events, she's gained a reputation for changing things up. In 2015, BTN named her Multinational Travel Manager of the Year for consolidating EY's global agencies from 130 to three and introducing a TMC partnership structure predicated on "co-opetition." Most recently, Hutchings has made a name as a bot evangelist, having introduced robotics into EY's travel program to take easily automated tasks, such

BTN 2018 Best Practitioner

AMARAL LEVERAGES VIRTUAL CARDS TO REDUCE RISK & SAVE TAX DOLLARS



BILL AMARAL

STATE OF CALIFORNIA BUSINESS PARTNERSHIP & TRAVEL MANAGER

"It started in 2014 when we were looking at a way to relieve the pain that many departments were feeling around reconciliation of the hotel direct bill process," said state of California business partnership and travel manager Bill Amaral. "We were in the middle of a procurement for travel payment, and virtual card rose to the top as a solution."

The first step was easy. Amaral made virtual card a minimum requirement for any payment provider to

participate in the 2014 bid. Citibank won the business. Then the hard work began.

Amaral's vision to transition the state's travel payment process almost entirely to virtual card meant getting the governor involved with travel policy, digging into payment processes and training with 270 state agencies. Amaral ultimately also will integrate virtual card with the online booking tool.

Hotel payment topped his agenda, but to reap rewards from a payment effort, Amaral had to lay a solid foundation. Only 2 percent of hotel bookings were made through TravelStore, California's agency of record, and just 20 percent complied with the managed payment method. Amaral asked for, and got, a mandate from the governor to require employees traveling on the state's behalf to book through the agency or Concur. Today, hotel booking compliance is up to 70 percent, surpassing the industry average. What does that mean for payment?

Since virtual payment is initiated during booking, channel compliance is key. With a secure mandate, Amaral began California's virtual card pilot in November 2017 with Citibank's Conferma partnership. He enlisted 4,000 Department of General Services employees, including himself, plus a handful of smaller state agencies. For now, employees are required to call the agency to take advantage of virtual pay.

A successful pilot took some educating. "We trained in person at first," said Amaral. "We literally had to explain to executives what virtual payment is, but once you talk through the process, they realize they've seen it before." Amaral trained participants on Conferma's mobile app and how to refax authorization forms on the fly should the hotel need them when travelers arrive. "We honestly have not

had problems, [at check-in]" said Amaral. And the pilot has delivered material benefits to the state.

Reduced reconciliation times is a big one. Each state agency's own accounting department manually matches traveler-submitted hotel folios to direct bill statements, often without names associated to the charges. With the pilot group, that process previously took 12 to 14 days, said Amaral. "With [Conferma's] SNAP reports, it now takes a few hours."

Virtual card has reduced cash advances issued to travelers for hotel expenses, which had become a common practice among state agencies to avoid long reimbursement times for employees. It has also pulled travelers away from using personal cards for hotel costs. Both of these changes will funnel more spend into the payment program, Amaral said. This will boost the state's rebate and drop those dollars back into the state's general fund, maximizing tax dollars.

The promise of virtual cards enabled the state to revamp qualification criteria for issuing individual bill, individual pay corporate cards. This has helped reduce cards in force from 17,000 to 900, slashing the state's exposure to card misuse or fraud.

Travelers, too, have benefited. "They no longer have to 'float' large business travel expenses for the state," said Amaral.

Amaral is working with TravelStore, Conferma and Concur to integrate virtual card fully, which will require many state agencies to reconfigure tools and processes. Most are on board. "We've implemented very few programs that California's agencies and travelers actually want. This one is different." Amaral is also eyeing virtual pay potential for air and car rental.

—Elizabeth West

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BTN 2018 Best Practitioner

JOHNSON FACTORS QUALITY INTO AIRLINE METRICS



SHAWN JOHNSON

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS SUPPORT SERVICES DIRECTOR

When Shawn Johnson took charge of The Church of Jesus Christ of Latter-Day Saints' travel program in 2013, he couldn't help but notice travel management tended to bring "a hyperfocus on managing and lowering costs." As such, many of the metrics used—particularly airline cost per mile, per segment and per traveler—only told part of the story he needed to know to manage travel effectively.

He set out to develop a new metric that better showed an airline's value to the LDS church travel program. This would be especially useful as the church sought to consolidate the number of carriers it worked with for its massive program, which on any given day could feature some of its more than 65,000 missionaries, as well as other travelers going to nearly any country in the world.

After consulting a large swath of leaders and travelers across the organization and working with consultants, Johnson created a new metric: quality cost per mile. That metric includes easily quantifiable data related to airline relationship quality—such as on-time rankings, cancellation percentages and baggage handling performance—

as well as qualitative elements. For example, how well does an airline handle rebooking in emergency situations? What sort of benefits does it offer travelers? How effective is a carrier's sales team in providing reporting and responding to needs?

Using in-house and third-party data, Johnson and his team compiled those factors to create a quality factor rating for each airline partner that then could be weighed into the standard cost-per-mile metric.

With that metric in place, Johnson has noted better relationships both with airlines and LDS church travelers. Airlines now understand that the church values more than pure cost savings, which has improved dialogue and pushed airlines to strive for optimal performance, Johnson said. Traveler satisfaction, meanwhile, also has grown over the past few years.

Next up, Johnson is looking at integrating those metrics more deeply in quarterly reviews and in the RFP process, as well as finding similar applications in other parts of travel, such as hotels.

—Michael B. Baker

as prompting employees who are registered for internal events to book their airfare earlier, out of the hands of humans.

The EY travel, meetings and events team—which has adopted "challenge the status quo, keep it simple and keep innovation top of mind" as its guiding principles—has come to expect big ideas and big changes. Nevertheless, Nichols, Macajoux and Jeacock had some selling to do to the larger travel, meetings and events team before they felt ready to move forward with the new program. "EY is a large organization globally with numerous individuals in high-ranking roles

ON EY'S NEW HOTEL RFP PROCESS

"We said, 'Six weeks—we're going to get it done.' And we did the process in six weeks. It was a hectic six weeks."

—EY'S TIM NICHOLS

that are stakeholders on a day-to-day basis, and our [travel] leadership team went out to those folks and said, 'Here's what we have in mind going forward this year. Here's how it's going to impact you. Here are the benefits,'" Nichols said. "We made sure we had all the pieces in place. We weren't seeking permission or approval, but we were making sure people understood what was going on."

Working with hotel partners required even more nuance. Some hoteliers were happy with the new arrangement; Vonderheide said Hyatt had other corporate customers that

had shifted to dynamic pricing, so he connected the EY team with some to discuss how the change was working for their organizations. Others were skeptical. The modified dynamic rate program didn't change just EY's internal way of doing business, it also challenged the well-worn practices of traditional hotel companies.

EY met with its top suppliers in the spring of 2017 to discuss their plans. EY had six-year master service agreements in place with five hotel companies, and they were set to expire at the end of December. EY's new strategy would mean not only reestablishing master service agreements with those companies but also creating a wider network of "preferred" properties than ever before. "And then we waited, and we waited, and we waited some more," Nichols said. During the Global Business Travel Association convention in late summer 2017, where many corporates commence or prepare for hotel negotiations, hoteliers were anxious because EY hadn't sent out RFPs. August passed. September passed. By October, Nichols said, hoteliers "were breaking into cold sweats."

But then, at the end of October, EY's new process commenced. "We said, 'Six weeks—we're going to get it done,'" Nichols said. "And we did the process in six weeks. It was a hectic six weeks."

The Results

Back in that room on the third floor of 5 Times Square in May, Hutchings provided an overview of EY's travel, meetings and events program and detailed other initiatives the group had underway before passing the baton to Nichols. As he took his place up front, hotel representatives readied their camera phones to snap pictures of the presentation.

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TRAVEL MANAGER OF THE YEAR & BEST PRACTITIONERS

Nichols is a data guy. One stop on his career path was a six-year stint at Travel Analytics. Reynolds said he is a travel manager who can look at things with an analytical, systematic view. So, when Nichols stepped beside the lectern to present EY's program results, he first laid out the current hotel industry landscape with specific figures around occupancy in broad global regions using STR and Tourism Economics data. The takeaway was that occupancy has been at all-time highs in Europe and North America. Nichols moved on to the next slide, and camera phones shot up.

How Is EY doing?

For the first four months of the year, EY's rates increased 2.9 percent year over year on a constant dollar basis. In the U.S., rates rose 2.5 percent, while the rest of the world increased 4.5 percent. [Editor's note: EY presented these figures to hotel representatives on May 30. Prior to publication, EY recalculated the global rate increases to account for local currency. On a constant dollar basis, EY's rates increased 0.2 percent year over year globally. Rates increased 0.9 percent in the U.S., fell 0.1 percent in Europe and increased 4 percent in Asia/Pacific.]

Those figures outperform industry benchmarks, Nichols said. EY gleans the rate information from TMC data, which accounts for only 60 to 65 percent of EY's total lodging data. That means, Nichols said, the global rates likely are lower because markets like India, where direct booking is more common than booking through agencies and booking tools, are also lower-ADR markets.

EY kept fixed rates for a subset of hotels—primarily independent hotels, properties in high-risk countries and a few in high-demand/low-supply markets. Beyond that, “the program has negotiated dynamic rates with thousands of hotels at levels that make them competitive in their local markets,” Nichols said. EY's roster of master service agreements expanded from five chainwide discounts to 16 and established comprehensive options for EY travelers at more than 35,000 hotels. Those master service agreements run through 2023 and cover the legal relationship between the parties; EY still negotiates the discounts annually.

“When you have the time and the ability to focus on other, more productive things ... that is huge in terms of engagement with travelers and doing the right thing for the organization.”

—EY'S TIM NICHOLS

Using Tripbam, EY achieved \$1.3 million in gross savings during the first four months of the year. In the new dynamic environment, EY was getting flooded with so many savings opportunities from Tripbam—“a threefold increase,” Nichols said—that EY raised its previous threshold for how much savings warrant an offer.

By shortening the sourcing process from six months to six weeks, Nichols, Macajoux and Jeacock can turn their attention to other areas. The team realized a twofold increase in the number of project rates it has established during the first quarter. Corporate housing move-ins increased 223 percent, and EY is working with long-term-stay apartment provider Urbandoor to make that process more efficient. “When you have the time and the ability to focus on other, more productive things like that,”

Nichols said, “that is huge in terms of engagement with travelers and doing the right thing for the organization.”

The program also has performed well with travelers. In a survey of 293 EY travelers and travel arrangers, three-fourths were more satisfied or equally satisfied with the program as compared with last year. Forty-nine percent noticed a change in their booking experience. “The flip side of that is that half didn't notice a change,” Nichols said, despite the significant changes put in place. Sixty-eight percent said their online booking tool was providing a good choice of rates. Fifty-eight percent found the city caps too restrictive; that didn't account for the 100 percent of hoteliers who found the city rate caps too restrictive, Nichols joked to hoteliers in the room at 5 Times Square. Some respondents praised the program for offering greater choice; others were frustrated that certain properties showed up as sold out because of city caps.

Nichols said a pleasant surprise is the number of EY travelers who have chosen to be good corporate citizens. Though points and loyalty still drive a lot of behavior, he said, “when they've bumped up against city caps in a given market, we've seen them move down the brand ladder into more cost-effective brands in the same chain.”

The new format also has boosted hotel companies that EY had worked with less in the past. For example, Choice Hotels International has seen a significant upswing in the number of stays from EY travelers in Brazil. “That's the whole allure of the program,” Nichols said. “By having a price point or a discount in place pretty much anywhere in the world where you exist, as a supplier you have the opportunity to win EY's business when our business takes us to those locations.”

Refining the Model

EY is phasing “RFP” out of its lexicon. Instead, Hutchings said, it's a renewal process. With dynamic rates in place across the vast majority of its portfolio, EY and its hotel partners can opt to roll them over to next year.

For those properties that still need to RFP, EY is building a tool internally, further cutting costs the company traditionally would have spent on an external RFP tool.

Nichols said six weeks might have been “a little tight” to introduce the program and the team may expand it by a week or two. Nevertheless, the heavy lifting is done, he said, and the idea is that the process will get easier year over year.

At the same time EY launched its new rate program, it also unveiled an internal TripAdvisor-style hotel feedback tool called EY Lobby. In its first six weeks, Lobby gained 16,000 hotel reviews and received 5,000 hits from travelers researching lodging options. The tool is linked to travel risk management partner International SOS and is pushed to travelers post stay. EY will use data from the tool to notify a hotel when its travelers are seeing subpar ratings. Additionally, hotels will have the capability to offer promotions to EY travelers through Lobby.

Since Hutchings and Nichols have started discussing the changes they've made to their hotel program, they've gotten some eye rolls and comments to the effect of, “You're EY; it works for you,” the implication being that change is only possible at a massive global program. Hutchings counters that small companies can be more agile because they have fewer stakeholders. But people need to be willing to change. “In business, in general, people need to be bold,” Hutchings said. “That's exactly what we've done here. That's what companies do, whether it be investment banking, insurance, whatever. They are bold in what they're doing when they're talking about client-facing things, and yet in travel programs, people tend to be more conservative. We just decided that we didn't want to carry on being that way.” ■



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Buyer Strategies in a Newly Flexible Market

Suppliers have doubled down on pursuing small and midsize enterprises. Here's the perception on ground from three midmarket travel buyers from diverse firms and backgrounds. BTN editor-in-chief Elizabeth West talked to Hogan Lovells International's David McDonald, formerly with large market names like Bank of America and PwC; Medidata's Daniel Honig, the company's first dedicated travel manager; and Evercore's Jason Ring who manages travel as only part of his larger corporate services role.

Q *How are suppliers approaching the midmarket these days?*

David McDonald: I am actually seeing a few changes: small and midmarket activity in the travel management company space and some in the hotel space, which is good. Recently, United brought out [a new program] in the midmarket. Historically, suppliers have not touched this space very well. They focused their time and energy on big names and big brands. I'm really encouraged to see the progression of activity in the midmarket space. Certainly, some of the smaller tech companies and entrepreneurial firms are beta-testing ideas and are approaching the midmarket segment more aggressively. We are probably easier to approach than going to a Fortune 100 with a brand-new idea and we tend to be a bit more comfortable with risk and trying something new than are the mega firms.

Q *Evercore is a midmarket company with a mega travel management company. Have you seen changes in how they or other suppliers approach your business?*

Jason Ring: I have an interesting dialogue along these lines with my TMC. They attempt to cater to me, but I have to coach them out of the phrase, "This is how the other banks do it." That's not catering to me. The midmarket has to be more customizable. The vendors seem to be better about it. The larger box hotels are open to

the dialogue for flexible dynamic pricing [and car rental companies are] flexible on minimums for cars. They are more open to saying, "Let's see where this goes." And no one knows [at the start] exactly what will happen, but let's take shot. I agree with David that some of the [new entrants are coming] to a smaller midsize buyer to try something new. But there's a double-edged sword there: Everyone thinks, "Let's just try it out," both on the supplier side and from my internal clients. The expectation that a midmarket can just try everything can be overwhelming.

Q *Getting discounts with suppliers is a source of frustration for smaller buyers. What advice do you have for smaller companies or those just starting out, maybe without a bunch of data, that want to approach suppliers in this more open environment?*

Ring: If you are going to a supplier for the first time, it's a myth in the industry [that] you have to go in ready to negotiate and be tough. You can't do that. You have no backup to prove why you deserve that. When we built our hotel program, I went to the hotels my travelers were already staying at. I was honest with [the hotels] about that but also explained that I wanted to pick up the trail and get more travelers at their property. I wanted to partner. Because we don't have a mandated program, however, I couldn't promise 300 room nights a year even if I had 500 room nights in that city. What I could promise was a report that shows where all my room nights are going and at what rates. And, for me, that has gotten great partnerships. As you start to build that relationship and you see a lower rate at another property or construction comes in, then you can use the leverage [you've built].

Daniel Honig: So many people want a quick win and say [to a hotel] that they will give 1,000 room nights or 500 room nights in the hopes they will get a great rate. They'll

go back and tell their stakeholders and it's great. In the contract, however, the supplier has the right to terminate the relationship if the buyer doesn't deliver. Hotels are in the service industry, and they generally take the travel manager at their word. First-time partnerships are a trial period between the supplier to deliver great products and service and the buyer to deliver volume. Do not overstep the expectations of what you can realistically deliver. ... It could really blow up in your face. Airlines are much harder, especially the legacy carriers. Because of consolidation, they really own the space, but there's still value—leveraging ancillary benefits that can be costly in the market: bag fees, upgrades, flex dollars and status matches can really enhance the experience for travelers and they don't cost the airlines much at all. It's a great partnership when you can provide those to your travelers.

Q *David, what's your perspective as a historically large market buyer? Do any of your former strategies translate into the midmarket?*

McDonald: You are either leveraging with scale or with managing demand. Devoid of the scale side, you have to negotiate or leverage the value. I'll echo Daniel's point. There is a lot more value to be had with suppliers than a 10 percent discount or \$20 off my room rate. Once you have defined what value is [to] your organization, you have to leverage your ability to connect directly with your people and leverage your interactions with C-level execs to actually get things done. That is a significant difference between a small or midmarket company and a large global behemoth. It's your ability to realistically get things done, influence behavior, advise and delight your travelers and win them over to your program. If you can put those things together in the conversation of negotiating rates, terms and value additions to your program, you'll have a lot more success than standing in front of someone and just saying, "Give me a deal." ■



**Evercore VP of corporate services
Jason Ring**

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Hertz Invests in a Turnaround



HERTZ'S JODI ALLEN

After a few financially challenging years, Hertz Global Holdings, which this year is celebrating its 100th anniversary, has begun to turn its fortune around, as revenue and results beat analyst expectations in the company's most recent earnings call. Chief marketing officer and EVP Jodi Allen, who joined the

company last year from a role managing P&G's hair care division, spoke to BTN transportation editor Michael B. Baker about the investment strategy behind that turnaround, as well as the company's new focus on female business travelers.

In Hertz's most recent earnings call, the company indicated it is in investment mode. What does that entail?

Yes, [we're] in investment mode but producing the top-line results that we're expecting. In the earnings call, we announced our Q2 earnings were just a little north of 7 percent revenue growth, which is an acceleration versus the revenue growth in Q1. That [comes after] smart investments [like] in the fleet: We have an improved car mix. Even in those cars, we have improved trim, more leather and more of the features that our customers want, whether that's Sirius or back-up-[view] cameras. We've invested in improved services. Our Net Promoter Scores have been consistently improving, which is really great to see and an important part to getting the loyalty we are looking for. We've made an investment from a marketing perspective to reestablish not only Hertz but all three of our brands—Hertz, Dollar and Thrifty—and we are investing in the technology for the long term to have a sustainable platform [from] which to pull.

Do you mean a new website?

Yes. We are expecting to have an improved app and mobile-enabled website for Hertz by the end of the calendar year. We are expecting to have a new app and websites for Dollar and Thrifty in the front half of next year and internationally shortly thereafter.

What are your priorities on the international front?

We're working within our existing geographical footprint on optimizing the business behind many of the same levers we're looking at for the U.S.: improved fleet mix, improved service levels. They're very focused on improving [Net Promoter] Scores [and the] marketing platform, but we're leveraging our scale better than we have in the past—for example, [moving to] one loyalty program. The reality is: Today's traveler is a global traveler, so our work processes and our system need to be global and our approach to things like the loyalty program need to be globally consistent. Obviously, there will be differences in countries where

"Today's traveler is a global traveler, so our work processes and our system need to be global and our approach to things like the loyalty program need to be globally consistent."

that's what the consumer expects, but those differences will be consumer driven.

What's the latest on expansion of Ultimate Choice, which allows a renter to choose a car at the lot?

We're now at 55 sites in North America, so we've recently expanded it into Canada, as well. We know from the research we've done that when the consumer gets to choose the car that they want, they naturally [score it at] a higher quality level, and we really think putting that choice into our customers' hands is critical.

Will you expand that internationally?

We are looking at international expansion, but I'm not ready to comment on it at this point.

How does corporate travel figure into Hertz's marketing strategy at the moment?

We are reestablishing our focus on winning the business traveler, the frequent business traveler. We're really getting much more focused on: What is the marketing message we're going to have out there that is more than just a promotional offer? We've reestablished our brand equity with a new visual identity. We've reestablished the tagline, "We're here to get you there." We have put in place more upper-funnel marketing that is more benefit-oriented marketing, including some online videos that are doing quite well and hopefully giving our sales team more of a message to be able to share with their corporate customers. Improving our loyalty program is a key part of that and creating the partnerships that allow us to create experiences that can extend our brand. We've recently entered into a partnership with Topgolf. We have entered into a partnership with Hendrick Motorsports, where we partnered with the No. 24 car and William Byron. The woman business traveler is a place we want to play in a bigger way than we have in the recent past. We did a very good job of highlighting professional women in our ads back in the '40s and the '50s, but the whole industry has not catered to the woman business traveler in a long time so the online videos that we have out there right now very much cater to the female business traveler. We are fortunate in the fact that the first three letters in our name are "her," so we are working on putting the "her" back in Hertz. The work we have online right now very much shows that.

Are you doing anything at the product level to target female business travelers?

We are looking at some specific product things, but it's really more highlighting things in the experience that already exist. We are one of the most trusted brands out there. One of the things that we have heard from women business travelers is that going to places they can trust is a key part of their travel experience and working with a brand like Hertz very much gives them the trust level that they're looking for, and that's relative to some of the up-and-coming competitors. We will be looking at additional product features that will cater to women. ■

Air France-KLM Hires New CEO

Air France-KLM has appointed Air Canada president and COO Benjamin Smith as its new CEO, a role he will assume by Sept. 30.

The airline group has been operating under interim leadership since chairman and CEO Jean-Marc Janaillac resigned this year amid failed contract negotiations with Air France staff. The labor disputes, which have led to several days of strikes and canceled service this year, have had a severe financial impact on the carrier, including a hit of 260 million euros to the group's bottom line in the most recent quarter.

The choice of a non-French CEO already has raised ire from the carrier's unions. Reuters reported a joint statement from the unions calling it "inconceivable that the company Air France, which has been French since 1933, would fall into the hands of a foreign director." However, Smith also brings experience in successful labor negotiations, having been the lead negotiator with Air Canada pilots and flight attendants for 10-year labor contracts that now are in their third year, Cowen and Co. analyst Helene Becker wrote in a research note.

Becker also called Smith, who has been with Air Canada for more than two decades, "instrumental in the turnaround" of the carrier: "Smith is considered the 'visionary' behind Air Canada's strategic and global network expansion, as well as overseeing the launch of Air Canada Rouge, which has been quite successful and continues to grow."


Smith said he looks forward "to earning the trust and respect of all teams, working together to win in this highly competitive and fast-changing customer service industry. I am approaching this new challenge with my passion for

the aviation sector and with my deep willingness to listen to all stakeholders so we can work together and win." ◀



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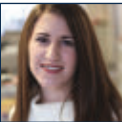
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Three Takeaways from Marriott CEO's Appearance at GBTA

At the recent Global Business Travel Association conference, executive director and COO Mike McCormick, sitting on the mainstage with Marriott International president and CEO Arne Sorenson, commented that of the thousands attending the convention, about 1,000 were probably from Marriott. McCormick may have been joking, but there's something to the sentiment.

Post its Starwood Hotels & Resorts acquisition, Marriott is the largest hotel company in the world. It opens a new room almost every thirteen hours around the world, according to Sorenson, and Marriott's portfolio comprises about 15 percent of the U.S. hotel market. Fifteen percent is not 100 percent, and the hotel industry is a fragmented one, yet it's safe to say that where Marriott moves, other hotel companies may follow. Here are three topics Sorenson and McCormick got into during their discussion.

On Marriott's Pricing Power

Even with Marriott's size, Sorenson said the company isn't able to realize much power when it comes to moving rate. Why? Half the rooms in Marriott's U.S. portfolio are priced by franchisees instead of by Marriott corporate, he said, and price transparency has made it more difficult than ever to move rates higher.

"There is total transparency every single day in pricing, and what we see is enormous competition around rate particularly," Sorenson said. "We actually think we win by driving occupancy, which we do by driving service, by having a stronger loyalty program, those sorts of things. And the premium performance we get is by distributing higher occupancy."

As far as where the hotel cycle—and the balance of power between buyer and seller—will move in the future, Sorenson said there's a fair amount of uncertainty. "We're in a complicated world today, both in the U.S. and abroad. Those complexities make it difficult to predict what will happen six months or 12 months from now."

On Cutting Meetings Commissions

At the end of January, Marriott announced it would cut the commissions it pays to groups and meetings intermediaries from 10 percent to 7 percent beginning March 31 in the U.S. and Canada. Shortly after, other hotel companies followed suit, including Hilton and InterContinental Hotels Group.

"We talked about it a long time, and what we had seen beforehand was: The intermediation of group business had gone from 10 percent of group business to 50 percent of group business in the last decade or so," Sorenson said. "We could look at group intermediaries and see dramatically different kinds of platforms. Some were delivering amazing value to their customers and some weren't delivering much value at all, and they were all trying to deliver the same thing for 10 percent; 10 percent in the context of a full-service hotel in many of our big cities across the United States is a very healthy percentage of the total profitability of that hotel. It's a very expensive business."

He said the industry needs to get away from the notion that everyone should get 10 percent, whether they deliver value or not. McCormick alluded to Marriott's exemption of certain large intermediaries from its cuts. Sorenson said those exemptions were "very temporary" and driven by contracts that were already in place at the time. "Within a certain number

of months, it's going to apply to everybody," he said.

As for what other moves Marriott may make, Sorenson said, "We don't have a secret drawer of next steps that we're going to take over the course of the next number of years; this is a place where we've got to have a dialogue with our great partners and make sure we work through it together in a way that the economics are fair and that we are as aligned as we can be. We'll never be perfectly aligned, but we should be totally transparent with each other."

On Home Rentals

Marriott in April began a 200-unit pilot of home rentals in London under the Tribute brand, which it inherited from Starwood. A little more than a few months in, Sorenson said it's going well. "We've got to make sure we compete in product and value and service," he said. "This is what prompted the London pilot: There is one place where we don't have a great response to [new home rental providers], and that is the whole-home, aspirational thing, the manor house, the whole house where a family of four can stay together. "We thought, in London, let's do a whole-home platform. ... Let's connect it to the loyalty program. Let's see what our customers tell us about it," Sorenson added.

Marriott is partnering with a property management firm



According to president & CEO Arne Sorenson, Marriott International lacks much power to move hotel rates because:

- **Half its U.S. rooms are priced by franchisees.**
- **Pricing transparency keeps rates down.**

"Some [group intermediaries] were delivering amazing value to their customers and some weren't delivering much value at all, and they were all trying to deliver the same thing for 10 percent [in commission]."

—MARRIOTT INTERNATIONAL'S ARNE SORENSON

called Hostmaker to provide services like key delivery and house cleaning and design services. "It will be interesting to see where we go next steps on this," Sorenson said. "But if we can find the right code to deliver a larger unit which looks very different than a hotel room, a whole-home product, I think it will be an interesting place to be." ■



AppZen Automates Expense Report Approval

In 2017, Certify president Bob Neveu told BTN, “There’s a big difference between [being able to] flag exceptions, incorrect or fraudulent expenses versus just auto-approval and instant reimbursement. ... No customer is looking for that.” Artificial intelligence-powered expense audit company AppZen, however, thinks that market is out there.

The startup now automates expense approval, using AI to audit and then remove approving managers from the equation when no violations are found. The firm suggests that expense managers cascade that approval into “same-day reimbursement” through an integrated expense management system. AppZen “can trigger those approvals since we auto-determine if the report has no violations,” a spokesperson said. The startup piloted the feature “heavily” with four clients and more than 40,000 approving managers and users globally.

Several expense management firms, including Certify and Expensify, have automated parts of the approval process, along with other functions like matching receipts to credit card charges and creating and submitting expense reports for users. While some tech-forward companies are comfortable with that level of automation, many have hesitated to adopt automated approval, according to Expensify CEO David Barrett. And rather than pursue additional automation, Expensify has focused lately on perfecting its more traditional features set.

AppZen is taking it all the way. CEO Anant Kale previously said the tool uses AI and machine learning to “mimic auditors by checking everything as if a human with all the time in the world were checking it and looking on the internet for clues but in real time.” Not only are a larger number of out-of-policy expenses getting caught, but recurring compliant expenses are also being evaluated quicker as the system learns, according to the company. When that detailed accuracy is combined with automatic approvals, expense program managers could feel more at ease that unauthorized expenses won’t accidentally be approved.

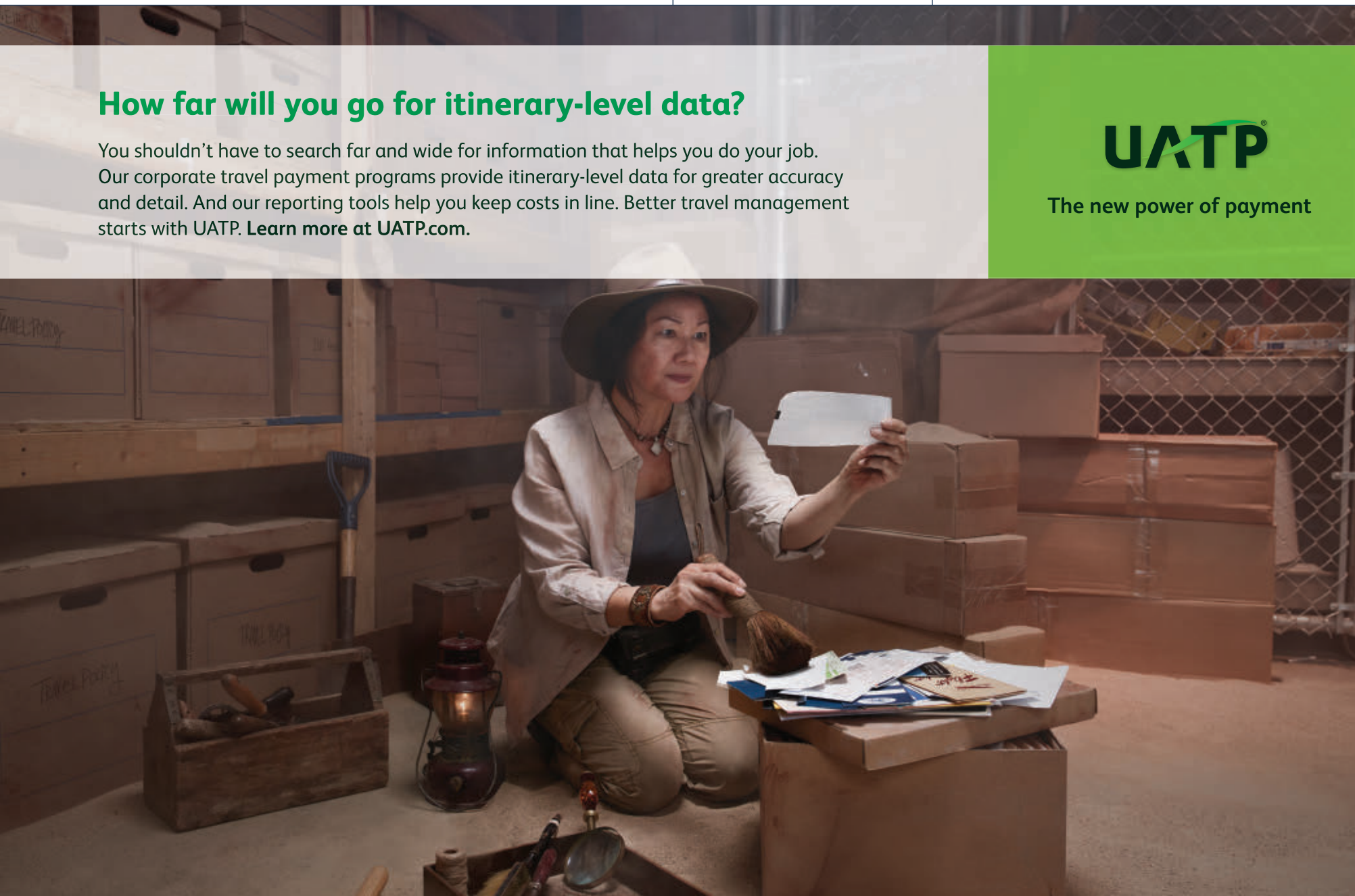
AppZen also launched Insights, a data reporting dashboard that shows trends and expense reimbursement behaviors over time. “Managers already had access to the raw data. This just displays it in a more effective way to track behaviors and trends over time,” the spokesperson said. “Until now, managers have never been able to see team-centric spend data by violations, [spend] types and unauthorized [charges].” ■

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BCD Will Turn On Mobile Air Booking & Adds Pana

BCD Travel is taking the next step to evolve its mobile capabilities from itinerary management to itinerary creation. The mega travel management company plans soon to enable airline shopping and booking capabilities through TripSource, which covers its native mobile app and responsive Web channels. BCD also has added guest travel-management tool Pana to its technology-integration platform.

Mobile Air Booking on TripSource

In the works for more than a year, BCD's mobile air booking capabilities initially will be available to clients in the U.S. and U.K. and some continental European markets: Belgium, France, Luxembourg and the Netherlands. The capability should go live in the coming months with willing clients, BCD stated. BCD already has turned on mobile hotel bookings in multiple markets, as have its largest competitors. Meanwhile, Carlson Wagonlit Travel, too, is turning on air booking through its CWT To Go app.

BCD's TripSource air booking capability is "especially useful for customers with simple program needs," the company stated. SVP of product planning and development Yannis Karmis explained that the air booking functionality can be turned on and off by clients, will be configurable and can support company policy and approvals processes—just not to the full extent of established online booking tools. "What we want to deliver is a solid air booking engine," he said. "It will not have every bell and whistle and every policy configuration option that OBTs have. Our goal is not to replicate OBTs. They do a good job at sophisticated policy, global coverage and those kind of things. Our goal is to provide a reasonably solid booking capability within our app that can be turned on and configured on a client-by-client basis." While configurable, "there will be a level of standardization to it," he said. "We have not tried to build to every fulfillment scenario and underlying GDS scenario that's out in the world the same way the OBTs have."

BCD stated TripSource's air shopping would access content from multiple channels, including low-cost carrier content. BCD also said users can see relevant baggage fees, seat maps, in-flight Wi-Fi availability and in-flight meals when shopping. Karmis said BCD is incorporating amenity data from Routehappy. Underlying technologies enabling air bookings are a mix of sources. "We didn't feel compelled to build everything ourselves," he said. "It is certainly our own user experience, but we're leveraging a number of other APIs and technologies for connectivity, the policy engine, the amenities, and then we've integrated it in a way that we think works well from a policy management perspective and a traveler experience perspective."

Karmis said pricing for corporate clients won't be one size fits all. He added, "There's a couple of different ways that we would go to market based on the size and complexity of the program, but you could also envision some lower-priced options for smaller businesses that are going to operate in a much more standard fashion and where the servicing that sits behind it moves to a lower-cost fulfillment model."

For BCD clients that prefer booking through their third-party online booking tools, Karmis said BCD also enables single sign-on from TripSource to a handful of systems.

—Jay Boehmer

Pana on SolutionSource

After launching its long-tail technology integration platform SolutionSource in February, BCD Travel has added Pana as a guest-travel tool.

Pana started its life in the managed travel space as a chatbot-powered travel assistant but changed course 12 months ago to chase a niche within the niche: facilitating travel program-compliant itineraries and data capture for nontraditional travelers like recruits, contractors and consultants. It also provides a communications channel that smooths

booking and travel processes.

Since last year, Pana has sold its technology and service platform directly to corporates, getting traction with companies like Canadian e-commerce company Shopify and tech-forward names like Quora. Shopify travel manager Nick Lalumiere told BTN his company had focused the technology on Shopify's intensifying recruitment needs. Candidates had been "doing a lot of back and forth with [internal Shopify] coordinators, and it took a lot of time." With the company expanding globally, international travel also was adding to the complexity. Pana's text- and chat-based system, Lalumiere said, allows candidates to speak directly with Pana agents rather than using Shopify's HR team and coordinators as go-betweens. And the platform provides a friendly on-brand experience that Shopify wants to promote to candidates.

All that stays in place with Pana's SolutionSource partnership, said Pana founder and CEO Devon Tivona. The difference between a direct relationship and one facilitated through BCD Travel, according to Tivona, is that onboarding and integrations will be easier through the TMC channel. "We're going to work first with BCD to set up all the policy, supplier set, negotiated rates and duty of care," he said. "Clients will just need to do specific local recommendations if they choose to." Plus, the data. Because travel is booked on the BCD platform, the data is integrated directly into TMC reporting that will marry all the guest-travel volume and preferred supplier usage with traditional employee travel via BCD's DecisionSource platform. Pana fulfills direct client travel through Adelman.

For now, BCD has cornered the deep integration, even though Tivona underscored that Pana is a data-forward company that can provide its data to any TMC a direct client prefers. The wild card, he said, is whether TMC partners are equipped to receive it. "Some of our direct customers pipe our data into tools like Domo." He also said more TMC integrations are on the way.

The decision to integrate with BCD first was driven by mutual customer demand and some mutual admiration. "SolutionSource is one of the coolest things I've seen a TMC do lately," said Tivona. Other long-tail technologies on that platform include FairFly, Freebird, Rocketrip, Taxeo, Tripbam and Yapta. And BCD's Karmis praised Pana for turning "a typically manual, complex process into a simple, elegant experience for guest travelers."

—Elizabeth West

"What we want to deliver is a solid air booking engine. [BCD's mobile air booking capability] will not have every bell and whistle and every policy configuration option that OBTs have. ... Our goal is to provide a reasonably solid booking capability within our app that can be turned on and configured on a client-by-client basis."

—BCD TRAVEL'S YANNIS KARMIS

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Two New Tools for Lightly Managed Travel Programs

Traxo and Internet Travel Solutions affiliate TripEasy have joined a growing field—Adelman, Carlson Wagonlit Travel, Deem, Lola, SAP Concur, Shep, TravelBank, Upside and others—chasing the unmanaged-to-lightly managed business travel segment. Broadly defined, that market includes companies without contracted travel agencies, prescribed booking tools, complex policies or dedicated travel managers—and perhaps all of the above.

Traxo Connect for SME

“We’ve studied the small and midsize market for a number of years,” said Traxo CEO Andres Fabris. “We’ve interviewed dozens of travel managers to understand, specifically, what they really need, and it’s two things: They need to know where their travelers are for safety and security reasons and they want to save money.” While that sounds obvious, he said the crowd of new entrants and established players tweaking their booking engines, user interfaces and service packages for small and midsize enterprises may be oversolving for a segment where consumer travel tools are working just fine. Fine, that is, except there’s no data.

Traxo Connect for SME, targeted at unmanaged accounts with less than \$10 million in annual travel spend, steps into that data gap. In service of larger clients, Traxo has billed itself as an off-channel data aggregator that can work as a net to bring noncompliant bookings back into managed travel visibility. Now, for the midmarket, the pitch is simpler. There’s no off-channel, just data aggregation.

Traxo’s SME bundle offers four components: data capture, data visibility, duty of care and savings. Traxo Filter integrates with enterprise email servers to capture and parse travel itineraries as they come inside corporate walls, no matter the source; Traxo funnels that data into a dashboard that allows SMEs to visualize travel booking activity and spend, both before and after travel. It also parses from itineraries real-time data and offers a limited traveler-tracking capability. “This could be enough for smaller SMEs,” said Fabris, but he acknowledged many would need a more robust solution supported by Traxo’s data. Traxo has partnered with Tripbam to track hotel market pricing and rebook best available rates. An Airhelp partnership scours a client’s booked air data and matches with flight disruption data to determine disruption compensation eligibility and automatically process claims. Traxo Connect for SME may add other partners, including price-assurance monitoring on airfares, said Fabris. One such service provider, Yapta, participates in the Traxo Marketplace.

All that happens in the background as travelers use consumer tools to book trips. “Rather than trying to create an ecosystem that requires behavior change and compliance, we approach it from a different perspective,” said Fabris. “Even in highly managed programs, employees book hotels outside the preferred channels half the time.” He pointed to increased content fragmentation as the primary culprit and noted that New Distribution Capability, direct connects and overall consumerization will continue that trend. “Folks have tried to change behavior for a decade, but they haven’t succeeded. Why introduce that to the midmarket? Our argument is that you can’t engineer your way out of it from a product perspective.”

The service costs a flat monthly amount up to a certain number of transactions, he said, declining to get into specifics. Partners Tripbam and Airhelp are “success based” he said: Airhelp takes a cut of disruption compensation and Tripbam takes a cut only when hotel savings are fulfilled.

—Elizabeth West with additional reporting by Jay Boehmer

TripEasy

TripEasy is an all-in-one technology and fulfillment product based on technology from travel tech company ITS. Taking a travel-management-in-a-box approach, it blends a mobile and Web-based booking portal; pretrip approvals; offline support options; varying degrees of policy management, reporting and administrative tools and post-booking price monitoring.

ITS VP of marketing and product Brian Tanis acknowledged the multiplying options for the unmanaged segment: “You’ve seen some software companies emerge. You’ve had some agencies that say they want to go after the small market but don’t have their own tools and products. TripEasy is all in one.”

Smaller companies that do not use a travel management company or promote a booking tool are the target, he said. Most often, they book with online travel agencies or public sites but “are starting to figure out they do need managed travel services.” TripEasy is live with some users, Tanis said, and has a “smallish sales team that is beginning to call on companies where it makes sense, so we are live; we’re making real bookings and are out there in the marketplace.” TripEasy target clients may have as few as 50 employees and as many as 500, though there’s no hard stop on how large an organization could be, he said.

Its three-tier pricing structure begins with a no-fee “basic” option that features online booking, Sabre-powered bot interactions, basic travel reporting and travel policy configurations that include flags and alerts. “Having policy available in a free model helps companies dip their toes in the managed travel waters without much risk,” Tanis said.

For \$5 per transaction, premium accounts can pull in corporate discounts. They also get nonemployee-travel support, an unused-ticket bank, event and group booking capabilities and access to an in-development rewards program. Tanis said unused-ticket tracking alone is an all-too-often unmined opportunity. The \$7 per-transaction enterprise option additionally layers in duty of care and traveler tracking support, price re-shopping and pretrip approval.

ITS operates under its own ARC accreditation, taps into the Sabre global distribution system and has its own dedicated agents for support, said Tanis. Offline transactions come at an additional fee.

TripEasy also folds in air content from undisclosed direct connections. Meanwhile, Southwest Airlines bookings are enabled for authenticated users through an unnamed partner. On hotel, “we’ve got some pay-now and pay-later options,” he said. Prepaid rates come in through Expedia Affiliate Network, wholesalers and other non-GDS sources. The hotel shopping experience incorporates TripAdvisor reviews, property photos and property location mapping.

—Jay Boehmer

Traxo’s Pitch

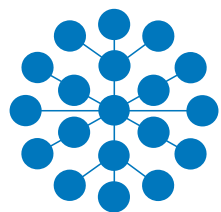
Consumer travel tools actually might work just fine for small and midsize enterprises, according to Traxo CEO Andres Fabris—except there’s no data. Traxo Connect for SME offers:

- Data capture
- Data visibility
- Duty of care
- Savings

TripEasy’s Pitch

The tool takes a travel-management-in-a-box approach, offering:

- Mobile, Web-based booking portal
- Pretrip approvals
- Offline support options
- Varying degrees of policy management
- Reporting & administrative tools
- Post-booking price monitoring



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United Adds Priority Benefits for Corporate Travelers

BY MICHAEL B. BAKER

United Airlines has launched a benefits program for corporate travelers to receive priority consideration for upgrades and reaccommodation. The United Corporate Preferred program's tiers—Corporate Preferred, Corporate Preferred Plus and Corporate Elite—are based on the share and volume a company gives to the carrier.

Travelers in the Preferred and Preferred Plus programs will get higher priority for upgrades, standby

lists and rebooking during irregular operations, as well as occasional offers for promotions and discounts. At the Elite level, travelers additionally will get increased flexibility for rebooking when travel waivers are in place. In the fourth quarter, Elite travelers will get priority boarding, in United's Group 2, as well as access to economy seats—standard, not Economy Plus—closer to the front of the plane, United worldwide sales SVP Jake Cefolia said.

“Our customers have been asking for this for a long time,” he said. “Our corporate advisory board said we'd like to have all our travelers receive some distinct level of benefits as a customer that spends a lot with you.”

The program is open to businesses with United contracts, as well as members of the carrier's new Propel program for small and midsize enterprises, Cefolia said. Travelers must include their corporate account numbers at the time of booking, and the travel must be for business. The benefits apply only to United and United Express flights.

Participating travel buyers will get customized webpages showing the benefits available for their travelers. United is working on messaging to the travelers, such as providing an option to have the preferred status appear on boarding passes, Cefolia said. “Some don't want it publicized, and some do. We'll want to be able to toggle it off or on.” ■

CONTINUED FROM FRONT PAGE

Consulting's Rising Role

role of consultants is going to get bigger because the younger [travel managers] are probably multifunctional procurement managers, so their expertise is on the sourcing side but they have limited knowledge on the operations and implementation side. Sourcing is the easy part. The hard part is operationalizing those contracts you have just negotiated. They don't understand why they aren't getting the true benefits out of all these savings they have been negotiating.”

Nor is it just a generation of travel buyers who have ripened. So too have the travel programs they are managing, thus stimulating additional demand for consulting. “A lot of large or medium programs have matured, so they are getting diminishing returns,” said TCG founder and CEO Albert Taras. “Now, companies are looking over the fence for innovation and what their neighbors are doing.” Taras believes companies are looking closer at the entire range of travel spend, “not just agency spend but what is reimbursed. In a best-case scenario, a TMC is only managing 60 cents in the dollar if you look at an expense report.”

But nearly all those with whom BTN spoke said the biggest driver of consultancy growth is the corporate trend to keep employee numbers as lean as possible. Instead of adding more headcount to the internal travel team, businesses increasingly prefer to outsource. “When you look at the total cost of an individual as an employee, it's not just about the salary,” said Festive Road managing partner Caroline Strachan. “You've got all of the additional benefits, the office space, the IT infrastructure—everything it costs to run that individual within the organization. But in procurement, you also talk about whether you have a make or buy strategy. The outsourcing era has come to think of that from a people perspective, as well. Is it a role core to our company mission, in which case we have our own people, or do we need some subject matter expertise which does not need to be core within the organization?”

At the same time, the breadth of expertise required to manage a travel program is greater than ever. Not the least of the knowledge challenges is a rapidly proliferating service provider base, especially for digital technology. “There used to be a couple of startups every month. Now, it's a couple every week,” said BCD SVP for global client solutions Andy Menkes. As a result, added Miller, figuring out how to work with technologies like bots and artificial intelligence means “the days of handling just the travel management company, online booking, air and hotel are over.” Miller also points to payments as a growth area for consultants. “So much has changed in payments in the last five years that it is much more complicated to work out. It's very hard to have all that expertise in-house.”

But perhaps the biggest emerging specialization of all, and the one Festive Road was created to address, is employee engagement. “There is definitely a rise in the objective of making a company a great place to work,”

Consultants on the Move

- **Mark Williams left GoldSpring Consulting to join marketing and communications firm Dots & Lines as CFO. Will Tate and Neil Hammond now lead GoldSpring.**
- **Nina & Pinta has partnered with travel auditing firm Topaz International and Dots & Lines.**
- **Festive Road recruits have swelled its numbers to 16.**
- **Former senior BCD Travel exec Louise Miller has joined Areka Consulting as managing partner for the Americas, taking its staff roll to 25.**
- **Andy Menkes dissolved Partnership Travel Consulting to join BCD as SVP of global client solutions; former partner Tom Stone has joined Nina & Pinta.**
- **Former PTC consultants Don Murphy and Tanya Racz have joined Duane Futch at Global Travel & Aviation Solutions.**
- **TCG Consulting has bulked up to more than 60 associates.**
- **Scott Gillespie has joined Airlines Reporting Corp. to head analytics while continuing his consulting practice, tClara.**

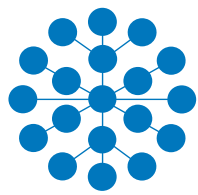
said Strachan. “Yes, travel managers need to manage cost, but now, so many more are having to focus on how they get the traveler involved in the program. And we get asked all the time: ‘There's 10,000 of them. There's one of me. How do I go about listening to and really engaging them?’”

The need to offer “more subject matter depth” and “knowledge of geographic market idiosyncrasies” similarly explains why consultancies are bulking up, said Nina & Pinta partner Jo Lloyd.

Nina & Pinta exemplifies another trend for consultancies to broaden their offerings through partnership. Nina & Pinta has collaborated with The Data Exchange to provide an air data dashboard that allows customers to upload TMC data and carry out its own sourcing analysis. Similarly, Festive Road announced a partnership with predictive analytics specialist PredictX to provide more data-driven analysis for clients (*see page 34*).

The move takes Festive Road deeper into the traditional consulting territory of TMCs, which often specialize in data-heavy air and hotel sourcing analysis. Such tools require substantial investment and suggest that perhaps the costs of playing in the consulting game are rising. Not all those costs are obvious to the casual observer. Taras said that in addition to employing people in countries like Dubai, Singapore, South Africa and Brazil, he spends 6.5 percent of revenue on data-protection compliance.

At the other end of the scale, Carol Randall used to work for Areka but now flies solo as Sage Travel Consulting. Good individual consultants, she said, with a reputation for deep expertise—in her case, operations and implementation—have no shortage of work either, especially with slightly smaller clients. “It's horses for courses,” she said. “There's enough business out there for everyone.” ■



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FlightGlobal - Flight Waiver Services that enable proactive disruption management, corporate travel program savings and reduced average agent time.
Presenter: VP Traveler Services Robyn Grassanovits

HRS Global Hotel Solutions - The company's new Rate Filtering service, which combined with its Rate Protector AI-based audit service that checks for correct hotel rates and amenities, can eliminate squatter rates.
Presenter: VP Martin Biermann

Obex Solutions - A mobile app and TMC/corporate mobility platform that employs AI and mobile chat and delivers risk management support and reporting.
Presenter: CTO Sridhar Balaji

RoomIt by CWT - The travel management company's new venture is offering a customized hotel loyalty bonus program it calls Loyalty Booster designed to boost hotel attachment rates and compliance.
Presenter: Chief Growth Officer & Founder Scott Brennan

Serko - Zeno, a Level 3 NDC-certified travel and expense solution that employs AI and a chat bot booking engine.
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Shep - An open booking-enabling business travel booking policy and expense capture tool.
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Three New Data Analytics Aids

Three years ago, the Global Business Travel Association published survey results that identified “data to track program performance and support decisions” as travel managers’ second-most time-consuming task, just behind supplier negotiations. More than half of survey respondents projected the situation would only get worse in the following three to five years. That time is now, but artificial intelligence and business intelligence tools are on the verge of making their data responsibilities a little easier.

PredictX’s Voice-Activated Data Assistant

Business intelligence provider PredictX is taking its travel insights platform beyond filter configuration and dashboards by launching a voice- and chat-enabled digital assistant. The assistant works in tandem with Alexa, Amazon Echo and text-based platforms like Facebook Messenger, Slack and WhatsApp to query a company’s “data lake” for two types of information: fast answers to stakeholders’ continuous ad hoc queries and tactical issues that require immediate action.

“We’ve shadowed our clients and discovered they spend an inordinate amount of time fielding queries from stakeholders: leadership, department heads, questions that come in over and over,” said PredictX CEO Keesup Choe. “We have systems that [stakeholders] can query and pull those answers themselves, but the reality is that they just want to email or call the travel management department.”

On the other hand, there are day-to-day tactical issues with booking, risk and regulatory compliance that travel managers are expected to track and mitigate. The problem, said Choe, is that very few have had tools or resources to address these issues proactively. Rather, they’ve scoured data reports after the fact and then roll out traveler education and communication strategies to attempt to prevent future infractions.

That’s a lot of tactical work and behavioral management that PredictX wants to take off travel managers’ daily to-do lists by equipping them with its digital assistant. To address the first challenge, the assistant’s natural language processing capabilities digest either spoken or text-based queries to dive into the company’s data pool and retrieve dynamic answers to common questions. For example, “How much spend do we have on Cathay Pacific?” Or, “What’s the spend volume compared to contract commitment at Hyatt Hotels?” The bots will query the data to look at both executed travel and future bookings from global distribution system and credit card feeds and other sources to deliver a holistic view of that information. Then either the travel manager or the system can message that back to the individual stakeholder.

Similarly, the digital assistant can be configured to scour the data 24/7 to pick up deviations from compliance that a travel manager needs to respond to every day—for example, noncompliant hotel bookings, a concentration of employees on a single flight, potential tax liability in certain international or municipal jurisdictions based on the time the traveler has spent working in that market or high-risk travel that has not been approved through proper channels. Rather than pulling this information after voice or text command prompts, the assistant can push these issues into a prioritized to-do list for the travel manager. Even better, it can suggest actions like, “Would you like me to alert the traveler’s direct manager?” if there is questionable tax situation or a nonapproved high-risk travel plan. Again, the technology can automatically communicate issues to appropriate stakeholders if configured to do so.

- PredictX’s Voice-Activated Data Assistant
- Yapta’s Point-of-Sale Data & Analytics
- CWT’s Travel Consolidator Analytics Tool



A complex network of data drives both the insight retrieval and the suggested actions. Analyzing this data network challenges travel managers, per the GBTA survey, but is ripe for automation and machine learning. Based on the examples discussed earlier, PredictX likely would need to consume booking and credit card data, third-party taxation schedules for top travel markets, travel and risk policies and HR data in order to direct communications to the correct departments and managers.

Not every source of data is as robust as the next, cautioned Choe. “We have travel data coming from GDS and other live sources,” he said. “Not every organization subscribes to real-time credit card data, for example, and they may not have agreements in place to receive [Level 3] data. So it’s a question of data access, but we have the ability to create this environment.”

Preconfigured queries will run along the same pathways to analyze dynamic data sets and deliver updated insights on a consistent basis. Ad hoc queries could be somewhat dicier, especially in the beginning, given their reliance on natural language processing. According to Choe, the tools are in the “toddler stage” right now in terms of how much syntactical variation they can handle. That could be one good argument for passing those inquiries through a travel manager who can query the data with consistent language conventions. With use, however, the NLP will acquire more flexibility.

PredictX is ready to put a minimum viable product into beta with a handful of customers. “We’re interested to explore the potential with these clients and see how they develop different assistants that align with their needs,” said Choe.

While the business intelligence firm has not done time-and-motion studies to quantify productivity enhancements, Choe said productivity and business enablement is the heart of the digital assistant. “Even if you say 50 percent as a conservative guess of time savings alone, that is massive,” he said, adding that companies have to look at the other side of that equation to evaluate the potential impact. “When you are too busy running

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the business that you don't have time to develop the business, that's a problem. When travel managers don't have time to collaborate with other departments or forge deeper partnerships with suppliers because they are too busy with day-to-day data tasks, that's a lost opportunity. The other side of a tool like this is the value creation of getting the more strategic things done."

Until now, PredictX has driven a direct-to-corporate strategy with its business intelligence platform. During the recent GBTA convention, the firm announced it would partner with progressive travel management consultancy Festive Road to power intelligence for the consultancy's outsourced travel management services, a move that should expose PredictX capabilities to a bit wider swath of the market.

At least one travel management company president at the GBTA convention was ogling the PredictX analytics assistant as a potential productivity game changer on the agency side. "These are the exact questions that our account managers are asked all the time by our midmarket clients," he said. "Think about the productivity a TMC could achieve with this kind of tool." Choe responded in an email that the TMC angle was "very interesting."

—Elizabeth West

Yapta's Point-of-Sale Data & Analytics

Yapta is putting in the hands of travel buyers the point-of-sale data and rate-tracking data on which it has long based its reshopping prowess. It now feeds the data into an analytics platform powered by business intelligence company Tableau and hosted on Amazon cloud data warehouse Redshift. Travel buyers can use the analytics to target supplier negotiations and benchmark their rate competitiveness. "This is highly actionable pricing intelligence that can help companies move towards dynamic pricing technology rather than negotiating every supplier contract through an RFP," said president and CEO James Filsinger.

Chief marketing officer Michael Smith told BTN the tool, called TravelAI, will launch as an add-on to the RoomIQ tool and will be available for use with FareIQ, Yapta's airfare reshopping tool, in the future. Early adopters are using it now, and Yapta plans to make it available to all clients in the fourth quarter.

Yapta's M.O. is to capture the rate a client's traveler books and then monitor the GDS for better rates until the time of the trip. It offers the option of automatic rebooking for airfares and, Smith said, plans to enable the option for hotels in the future as clients optimize reshopping strategies with their travel agencies. Yapta also collects information on contracted rates from the traveler's company and sources clients' rates directly from the GDS and thus knows what rates were available to the traveler at the point of sale.

That data, which Yapta has until now maintained for its own purposes, can reveal to travel buyers their companies' spend trends and negotiated rate performance by hotel brand family, region, city and property. "The first thing it does is it helps you target the right suppliers. We're going to look at your actual itinerary spend data and identify which are your top [for] spend by brand or by property so you can focus your RFP process on that—and which ones do you not need to worry about," Smith said. "The second thing we're going to do is do benchmarking on rate competitiveness. A lot of times, people will negotiate a contracted rate but they don't know: Was that rate available, and if it was, was it the best rate I could have possibly gotten at the time the itinerary was booked?"

The analytics tool also can yield insight into traveler behavior and policy. "What did the traveler actually book? They may have chosen to book a more expensive room because it had different amenities," Smith said. "You want to know that so you can try to understand the question: Well,

why would they do that? Was there a reason? Was my travel policy not effective for that particular traveler or that particular property?"

TravelAI uses Amazon Web Services' stat-based data-digging tools and its machine learning capability, but Smith said it'll take a while for enough data to feed the machine learning side to optimize the tool.

—Amanda Metcalf

CWT's Travel Consolidator Analytics Tool

Carlson Wagonlit Travel's new proprietary analytics tool captures, consolidates, standardizes and cleans data from TMC bookings, expense tools, corporate cards and HR, said CWT chief data scientist and VP Eric Tyree. Unlike CWT reporting tool AnalytIQs, which similarly captures expense and card data, Travel Consolidator integrates the four data sources into one file. It also continues to allow users to view each data source in its own silo. "Sometimes de-integrated data is useful ... because the system that processed the transaction tells you something about the expense [like] whether the data is possibly travel-related or not," Tyree said.

According to CWT, integrated data also provides valuable information on spending outside official channels, such as flights and hotels booked on personal cards and poorly understood costs like airline seat-selection charges, meals, laundry and incidentals. Travel consolidator uses algorithms to standardize and normalize the data and attach long-tail expense types to trips and to the travelers who incurred them. Costs then can be analyzed by trip, cost center, organizational structure, on-channel versus off-channel and supplier, among other views.

Travel Consolidator complements AnalytIQs, which will continue to be available to CWT clients. "AnalytIQs is focused on travel data reporting, managing travel programs and traveler security, [while] Travel Consolidator focuses on leveraging integrated card, travel and expense data to better manage off-channel spend, suppliers and compliance," he said.

—JoAnn Deluna

"When travel managers don't have time to collaborate with other departments or forge deeper partnerships with suppliers because they are too busy with day-to-day data tasks, that's a lost opportunity."

—PREDICTX'S KEESUP CHOE

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Southwest Invests for Corporate Sales Growth & New Distribution Strategy

BY MICHAEL B. BAKER

Southwest Airlines is on track to quadruple year over year its number of new corporate contracts in 2018, armed with a bigger and newly structured sales force and a distribution strategy leveraging the new capabilities unlocked by its recent reservations system switch, sales executives told BTN.

Over the past year and a half, Southwest's sales team has focused on two areas: "What do we need to do to make it easier for our customers to do business with us?" and, "How do we ramp up our selling capabilities?" senior director of corporate sales Matthew Smith said during an interview at the recent Global Business Travel Association convention. In terms of personnel, the corporate sales organization has grown from about 25 to more than 80 over that period, he said. That includes about doubling the sales employees in the field and building up new teams with specific focuses, such as government business.

The intent, however, was more than just purely adding numbers. "We want to grow, but we want to grow smartly," Smith said. "Our organization needs to get better with every salesperson we hire, so we need to continue to look for the best people out there and surround them with supporting mechanisms, whether it be a sales enablement team that helps with contract implementation, a sales analytics team that helps get strategic around pricing or loyalty opportunities, or a performance [team] that helps us understand the root cause of performance increases or decreases."

Along with growing the number of corporate contracts, Southwest also aims to increase the percentage of corporate contracts in compliance with their terms, Smith said. The goal the team has set for that is "within reach" for the year, he said.

Unlocking Distribution

Southwest's new structure has brought a familiar face back to its team. Former director of corporate sales and distribution Rob Brown had been with Southwest for more than two decades but left a few years ago to manage NuTravel's Airline Solutions Group. He has rejoined Southwest as senior director of sales strategy and B2B channels. Among his duties, he oversees a team focused on relationships with third-party intermediaries, including travel management companies, global distribution systems and corporate booking tools, as well as a team focused on service for corporate travel managers and agencies.

Brown said the latter is "going to be an important element to be able to add to our full circle of providing that customer service. Having a team in place that can service all of those top customers in a way that gives them that hospitality feel will be key to Matt's team and to continue to build loyalty to those customers."

Dave Harvey, just promoted to VP of corporate sales, said the goal is to correct areas in which the carrier "is hard to do business with." That includes "a huge tech investment, looking across our small to medium-sized business platform Swabiz, our API strategy with direct connect or doing things differently with TMCs or GDSs," Harvey said. "We want to reduce hurdles, give tools to the selling teams and let them do what they do best."

The carrier's switch last year to the Amadeus Altea reservations system is enabling some of the changes, he said. The system allows for some "industry standard" capabilities with GDSs that were not previously available, such as self-service for agencies, he said. "Our hands were tied, and now we're in investigation and discovery to find out what that's going to look like," Harvey said.

New Corporate Contracts

2017



2018 Projection



Corporate Sales Staff

18 months ago



Now



"Ultimately, it will allow for more personalization. We have a lot of the rich data coming through our different channels, and we're not necessarily maximizing that."

Southwest also is working on automatic reaccommodation for travelers during flight disruptions, another capability enabled by the new system. The longer-term road map includes allowing foreign points of sale, codesharing, interlining and loyalty relationships, Harvey said.

Network Plans

Southwest's biggest network growth story at the moment, its upcoming service to Hawaii, has more implications on leisure travel but is certainly of note to the meetings and incentives side of business travel. The carrier is "pretty far along" in the process of securing FAA approval and is still on track to begin selling tickets for the service this year, Harvey said.

Southwest will serve Hawaii from four California gateways—Sacramento, Oakland, San Jose and San Diego—which will build from Southwest's considerable network on routes within California, on which Southwest carries almost two-thirds of all passengers, Harvey said. The carrier will fly routes between the Hawaiian islands, as well, challenging Hawaiian Airlines, which has virtually no competition on those routes.

In addition, Southwest is continuing to build service out of Cincinnati, including nonstop service to Denver that began this month. As Southwest has built up service in the Delta hub, Cincinnati airfares have fallen from among the highest in the continental U.S. to about the "middle of the pack," Harvey said.

"Structurally, it's going to do gangbusters," Harvey said of the Denver route. "There's not only a lot of demand to Denver, but it has all that connectivity out to the West Coast. It's a great corporate market, with a lot of Fortune 500 activity, so we've been able to win a lot of corporate contracts." ■

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HRS Filter Removes Incorrect Rates Prior to Point of Sale

BY JULIE SICKEL

Global hotel solutions provider HRS is doubling down on its efforts to keep incorrect hotel rates from impacting travel programs. It's doing so by adding a rate-filtering service to its Rate Protector suite.

HRS launched corporate rate auditing tool Rate Protector last spring. It ensures that availability terms, amenities, price and other factors match negotiated terms. VP of product development and innovation Martin Biermann said Rate Protector—which works on a continuous, real-time basis—successfully increased the frequency with which rates coming in from distribution channels are correct, from 80 percent to 90 percent.

But, he said, that still left 10 percent of rates that were incorrect and reaching the traveler. "Some companies are providing compliance services which are trying to fix the problem later on by actually canceling a booking and then moving the booking to another property that has the right negotiated rates available," he said. "We found this is kind of counterintuitive for the traveler: to go into the preferred booking channel, make a booking and then figure out afterwards, 'Whoops I actually booked an incorrect rate.'" Instead, Biermann said, travelers shouldn't have to think about it and corporates shouldn't have to pay the fees for rebookings.

HRS's rate filtering add-on moves the process up the chain, identifying and correcting rates in real time before they reach the global distribution systems, online booking tools and other shopping channels and, ultimately, the traveler. Driving the service on the back end is natural language processing artificial intelligence, which tackles issues around data inconsistencies. HRS connects to multiple GDSs, more than 120 channel managers and dozens of hotel chains. "All the systems needed to be trained to analyze anything from very structured data from various hotel chain connects down to what the GDSs provide, which is usually using a lot of abbreviations," Biermann said. "It's very often just one text field full of data about the rate that you see—so breakfast, for example, being abbreviated to BFST." Content also can come in more than 40 languages.

es. The natural language processing helps the system recognize all those quirks in the content.

HRS also is providing a Rate Protector dashboard to help clients see where and how often their rates are being filtered out and learn why, from the global level down to the property level. HRS found that using rate filtering as part of Rate Protector 2.0 enables corporates to recoup on average 2.8 percent of the savings they originally negotiated with properties. For large multinationals, those savings add up to significant dollars, according to HRS VP of the Americas and managing director of North America Suzanne Neufang. "We've talked about leakage in the hotel space for years. That typically means something about leakage of attachment rates. What's happening here is leakage within the ability to get a negotiated rate," said Neufang. "Now we're closing the circle on savings that you thought you negotiated that you're actually getting back into your program."

The Rate Protector suite is fully configurable for corporates, and rate filtering is available at no cost to HRS clients that use its sourcing and single-source hotel booking solutions. ■

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“Excellent summit – great subject matter, expert forums!”

Jeannine Strampel,
Procurement,
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“I was a bit reluctant at first to attend, and cannot say enough good things about Strategic Meetings Summit. Its content was very propos; GDPR is on everyone’s mind. The creative format was engaging, not your boring slide presentation, and networking with like-minded planners and technology partners was especially useful. I left with key propositions and ideas I’d like to implement. And that’s success...”

Daniele Menache,
Managing Director,
Global Head of Events and Sponsorship,
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“I’m so thankful that I took the time to attend the Strategic Meetings Summit. It was well worth the time out of the office to have the opportunity to network with many experts in the meetings industry, and the topics discussed were very relevant to the burning questions for today’s meeting management industry. I learned more than I expected! Thanks, BTN and sponsors. I look forward to more events like this going forward.”

Jodi Woods, Global Category Manager,
Travel and Card Corporate/Shared Services,
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Should Flight Disruption Compensation from Airlines Go to Travelers or Their Employers?



“The one who suffers an actual financial loss from a flight disruption should be compensated.”

Paxfour CEO Johan Fugmann says:

The Employer

It is only fair the one who suffers an actual financial loss from a flight disruption should be compensated, and with business travel, that would in most cases mean the employer or the company.

Today, many companies have not made an active decision to claim compensation for flight disruptions, so it's paid only to those employees who make an effort to claim it on their own. This is less than 10 percent of all business travelers entitled to compensation, and consequently, millions of U.S. dollars remain unclaimed every year.

The European Union's Flight Compensation Regulation 261/2004 establishes common rules on compensation to air passengers in case of flight irregularities. However, it does not distinguish between leisure and business travelers, and when comparing these, the inconvenience caused by flight disruptions varies greatly.

In the event of a flight disruption, the leisure traveler bears all the unexpected expenses for food and refreshments in the airport, additional parking fees, accommodation, no-show fees at the destination and so on. Though the business traveler also may face these expenses, the employer most likely will end up paying.

When business travelers experience long delays or cancellations, it is obviously inconvenient, regardless of whether it cuts into working hours or leisure time. Fortunately, the business traveler's leisure time is not often affected. According to our estimations, only 0.6 percent of all flights are delayed for more than three hours and thus actually cuts into the business traveler's leisure time.

In addition, the business traveler is at work and most often is paid for the additional waiting time in the airport. Some business travelers will be able to convert the waiting time to time off if it extends into leisure time, and some are compensated through higher remuneration or even are paid by the hour. Thus, employees waiting for delayed flights becomes a significant business expense.

Besides the financial loss, the company also might experience a loss of business opportunities, such as canceled meetings, loss of knowledge from missing an important conference or convention and a general loss of goodwill.

The compensation that Paxfour helps companies obtain amounts to 125 to 600 euros per delay or cancellation, depending on the distance of the flight, but this would not cover the business expenses related to flight delays.

Therefore, it is only fair that it is the companies that receive the compensation. ■



“EC 261 is a consumer law, not a travel expense financing opportunity.”

AirHelp co-founder Henrik Zillmer says:

The Traveler

Imagine you're on a business trip, and your flight home is delayed five hours. You sit in the airport for hours, working in the terminal. This delay means you can't get home to your family for dinner. Should your employer be compensated for the time you lost?

Compensation belongs to the traveler, not the employer. According to Flight Compensation Regulation 261/2004, or EC 261, travelers are eligible, not the businesses that employ them. The European Union regulation is a Band-Aid for travelers who have had the inconvenience of being delayed, not a means to finance the employer's travel budget.

Rights to compensation after flight disruptions are something many travelers aren't aware of; more than 90 percent of U.S. passengers and 85 percent of EU passengers don't know their rights. I founded AirHelp to ensure passengers get the support they need to claim compensation. EC 261 was established to protect the

rights of the individual rather than airline companies. Companies funneling compensation to travelers' employers are taking advantage of existing regulations to support corporations rather than travelers. EC 261 is a law for consumers, not companies.

Steering flight disruption compensation to employers is unfair to business travelers, who do not stand a chance trying to argue their point to their employers, and it is unlikely they will dare to claim on their own. We have had customers contact us because their employers were trying to force them to hand over their compensation. It is not the intent of the law for employers to obligate or bully their employees into handing over compensation. AirHelp supports everyone in getting what they are legally entitled to: reimbursement of the costs they incur as a direct result of the delay.

EC 261 is a consumer law, not a travel expense financing opportunity. Any employer who takes compensation from their employee is not only taking unfair advantage of that employee but also undermining the whole basis for getting consumer compensation, as well as jeopardizing the industry overall. ■

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