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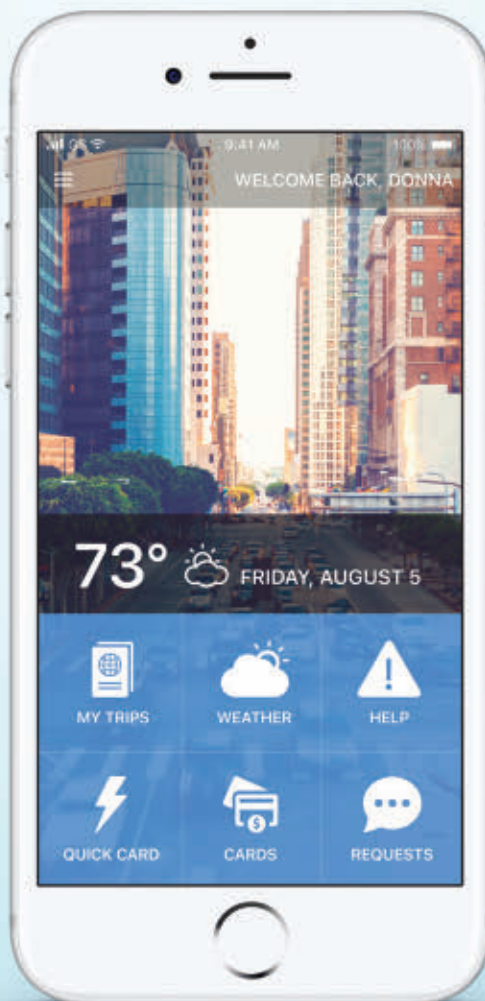
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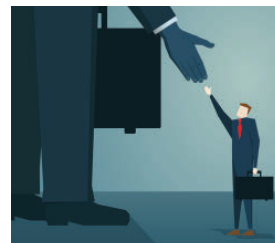
BUSINESS TRAVEL NEWS



TECHNOLOGY

Cash is flowing & start-ups are growing after a big year for corporate travel venture funding.

PAGE 24



MANAGEMENT

American Express & Lola will partner exclusively for five years. Here's what that means for each company—and thus for others in the industry.

PAGE 26



VOICES

Global distribution systems' action on New Distribution Capability has lulled some travel management companies to sleep, according to TravelCast Consulting's Pedro Ceron.

PAGE 28

TOP STORY



Who Made the Cut?

Influencers in distribution, the travel management company arena and lodging occupy more than half the spots among BTN's Most Influential in 2018. You'll see represented not just the now-familiar Lufthansa and New Distribution Capability but also Farelogix and ATPCO, the behind-the-scenes technologists making next-generation content possible. You'll also see not just American Express Global Business Travel/HRG but also BCD Travel, whose owner allowed the merger of his mega TMC competitors to proceed. Then there's those mainstays' counterpart, TripActions, which bills itself as a new kind of TMC. Meanwhile, lodging companies appear on BTN's list in abundance, from AccorHotels, which is pushing boundaries, to Airbnb, the alternative lodging provider taking steps to look more mainstream. And of course, Marriott's meetings commissions, creative travel managers and plenty more factor in.

FULL STORY ON PAGE 8

Starwood Data Breach May Have Hit 500 Million Guests

BY JULIE SICKEL & ADAM PERROTTA

Marriott International has disclosed a massive breach of customer data in the Starwood Hotels & Resorts guest reservation database. An investigation launched by the company concluded that there was unauthorized access to the database, which contains information on as many as 500 million guests who made reservations at Starwood properties on or before Sept. 10, 2018.

According to the disclosure Marriott released on its website, there had been unauthorized access to the Starwood network since 2014 and the party involved copied and encrypted information in the database. An internal security tool didn't alert Marriott to the issue until Sept. 8 of this year.

Of the 500 million guest reservations in the system, approximately 327 million included "some combination of" name, mailing address, phone number, passport number,

email address, date of birth, gender, arrival and departure information, reservation date, communication preferences and Starwood Preferred Guest account information. Some of these also contain payment card information, including number and expiration dates, which Starwood had encrypted. "There are two components needed to decrypt the payment card numbers, and at this point, Marriott has not been able to rule out the possibility that both were taken," the statement added.

Marriott president and CEO Arne Sorenson said the company "fell short of what our guests deserve and what we expect of ourselves. We are doing everything we can to support our guests and using lessons learned to be better moving forward."

Marriott has established a dedicated

CONTINUED ON PAGE 20

What's Inside

3 ON THE HORIZON

- Sabre/Farelogix merger will up NDC & airline retailing
- Travelport agrees to go private

22 DISTRIBUTION

- BCD Travel will pilot NDC connections with Lufthansa Group

23 MEETINGS

- Hyatt commission reduction comes as no surprise to meetings professionals

27 MANAGEMENT

- A few answers on CWT's new AnswerIQ

4 | On the Record



Qatar Airways' Eric Odone on corporate travel programs' shift from focus on savings to focusing on travelers

"We're going to ask [business travelers] to do a lot more once they [arrive], so we want them to get there in the best state possible. So for a product-led airline like us, it's great to see that."

6 | Data Hub

How Business Travelers Feel About Hotel Tech

More on travelers' tech tendencies inside

53%

want to check in on their phones

50%

want to use digital room keys

67%

avoid hotels that charge for Wi-Fi

AIRFRANCE



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Sabre/Farelogix Merger Will Up NDC & Airline Retailing

BY JAY BOEHMER

In a deal that would have been unfathomable a decade ago, global distribution system operator Sabre has agreed to acquire 100 percent of Farelogix for \$360 million. The airline technology company that once was hell-bent on global distribution system bypass—and still enables it today. It's also led by an iconoclastic CEO who at one point was the industry's preeminent agitator of GDSs in general and Sabre in particular. Times have changed. Farelogix is different. So is Sabre. The deal, announced Nov. 14, must navigate customary closing conditions and regulatory approvals. It will see Farelogix become a subsidiary of Sabre and a driving force behind Sabre's airline merchandizing, retailing and distribution capabilities. The transaction is expected to close by early next year.

Farelogix's technology serves airlines in pricing, retailing and merchandizing. It manages application programming interfaces for some of the largest carriers in the world to transmit fares, offers, bundles and ancillaries from their internal systems to sales channels, including GDSs. It builds API pipes for a score of airlines—including American Airlines, Emirates, Lufthansa Group and Qantas Airways—that are compatible with the International Air Transport Association's New Distribution Capability standard. Dave Shirk—EVP and president of Sabre Travel Solutions, an umbrella organization that includes Sabre's GDS business and airline IT arm—called Farelogix “the most advanced offer management and order delivery technology with an extra dose of cool NDC thrown in.”

He said: “Upon close of this, we would expect to be in a position to have the broadest end-to-end NDC-enabled retailing, distribution and fulfillment solution set in the marketplace.” Farelogix has facilitated NDC connections to non-GDS aggregators, online travel agencies and each of the major GDSs. Shirk said Sabre would maintain Farelogix's agnostic spirit, including with competing GDSs.

More than a GDS provider, Sabre has a whole division dedicated to airline IT, and its systems span airline operations, data management, revenue management and core reservations. Airline IT is where Farelogix fits in. The deal represents the first major, strategic acquisition Sabre has made since Sean Menke, a former airline executive, became CEO less than two years ago. Already, Menke has ushered in an era of change. “I like to call what we're



going through right now the renaissance of Sabre with everything that we have underway,” said Shirk.

He said Farelogix will enable Sabre to support “airlines' mission to control and drive a new retailing and merchandizing and ultimately distribution path. We want to make sure we have the most robust capability set.” Farelogix will be Sabre's enabler in “giving greater control and consistency of offers across all channels,” Shirk said. “That's very important. It's where the industry is going, and we absolutely want to lead that.” Further, by acquiring Farelogix, Sabre can “accelerate NDC-based integration and distribution across the industry,” said Shirk.

Farelogix CEO Jim Davidson said Sabre helps Farelogix achieve greater scale and expand its reach. “We serve customers around the world. We have to serve those customers better. We have to have more technology integration; we have to have more local support. All of those things that a growing company has to have essentially get solved with this relationship.” He added: “I think we're really good at doing some things around the offer management and NDC, but we think that's just the beginning of it. How this scales and accelerates is when you look at the other components airlines have, whether it's PSS, GDS, revenue management. All of those things become elements of the retail platform.”

Passenger services systems, GDSs and revenue management are all part of the technologies and services Sabre sells to airlines. Sabre plans to retain Farelogix's employees and management, including Davidson, who will stay in his role and report to Shirk upon the acquisition's close. Shirk said Sabre is eager to bring on “225-plus technology experts that are world-class at NDC and offer- and order-capability sets” from Farelogix. ■

'I'm Not Going to Live in the Past'

Farelogix and Sabre haven't always been so chummy. Back in 2009 when Farelogix operated as a multisource aggregator of content for travel agencies, Sabre terminated a developer agreement with Farelogix, claiming it was “encouraging fragmentation” and undermining global distribution system economics. Farelogix CEO Jim Davidson recollected during the US Airways-Sabre antitrust trial two years ago that Sabre's move “essentially killed” the company's content aggregation business for travel agencies. That meant job cuts at Farelogix, he said at the trial, where he testified on behalf of US Airways. Sabre's move also was a factor in Farelogix's pivot to become a provider of “direct connect” technology for airlines. That heralded in an era that saw Davidson as a frequent needler of Sabre. He was an early champion of and driving force behind New Distribution Capability, and as NDC has matured, Farelogix has successfully become a provider of application programming interface-based distribution connections and has played increasingly nice with GDSs, including Sabre. Davidson said of the Sabre/Farelogix deal: “This isn't any longer an issue about turmoil; it's about technology. People are talking about content rather than contention. I'm not going to live in the past.” He also sees a renaissance underway at Sabre. He noted that the management team has turned over since those more confrontational days: “The culture at Sabre was not part of that. The majority of our employees were not part of that.”

Travelport Agrees to Go Private

BY JAY BOEHMER

Publicly traded global distribution system operator Travelport has agreed to be taken private by Siris Capital Group and Evergreen Coast Capital, which plan to buy outstanding common shares for \$15.75 each and assume Travelport's debt in a deal valued at \$4.4 billion. Previously, The Blackstone

Group acquired Travelport from Cendant in 2006 for \$4.3 billion, and the company launched a 2014 IPO at \$16 per share.

Travelport's board of directors unanimously agreed to the private equity buyout, which is expected to close in the second quarter of 2019, pending shareholder approval and

the meeting of other customary closing and regulatory conditions. Travelport can consider competing offers. Evergreen Coast is an affiliate of Elliott Management, which is run by activist investor Paul Singer.

Travelport chairman Doug Steenland said the deal enables Travelport “to continue its work to position itself for growth in the evolving global travel industry.” While Travelport's virtual payments business, eNett, has delivered solid growth and the company has made gains in the online travel sector, the company has been coping with the loss of business from key GDS customers, including Carlson Wagonlit Travel and Flight Centre. ■

Qatar Airways Leverages Qsuite Expansion for Corporate Travel Business

Qatar Airways has reported significant year-to-date year-over-year growth in contracted corporate business, and the carrier credits a good portion of that growth to expanded availability of the Qsuite business class product. It has been essential in growing business, Americas SVP Eric Odone said. Odone, who joined the carrier this year after nearly eight years leading Cathay Pacific's sales and marketing in the Americas, spoke to BTN transportation editor Michael B. Baker as Qatar's Airbus A350 aircraft made its first trip to New York's John F. Kennedy International Airport.

WHY DO YOU CONSIDER QSUITE SUCH A DRAW FOR CORPORATE TRAVEL?

It's a product which is perfect for the business customer. It's important for us to get contracted and repeat business. We have a team of account managers; we have a team in Doha that signs the global deals, and we have a local team for local deals. Ideally, local deals develop into global deals afterward. We've seen huge growth of corporate business, literally upper-double digits on business class, this year. Obviously, the comparison with last year and the blockade in June [during which Qatar Airways suspended flights to nearby nations] helps, but even as the impact lowers, you see a massive growth. [Also, onboard configurations allow you to] continue work conversations, and when you don't want to, the window seats are private. [And on the A350], the jet lag is more manageable because of the level of moisture and the mood lighting.

WHAT FEATURES DO YOU TOUT TO CORPORATE TRAVELERS?

The Qsuite is about autonomy and flexibility. The product is one to one, so every seat has aisle access; nobody has to walk over anybody else. People who want the window have the selection and proper window access having full vision of the view. Once you are in the cabin, you have a door that closes. You have a little button you can press if you want to be disturbed or not. We have dine on demand. You order the food as you are in the aircraft, and you indicate if you want to eat it straight away or in five or six hours. You are never forced to eat when the trolley comes next to you. It's a flat bed. You have a mattress, pajamas and amenity kit and a range of products in the restroom. You have the complete autonomy of 4,000 movies and full series on a 21.5-inch screen. You have power outlets whether it's a multiregion prong or a USB port, so you can ensure when you get there, all your devices are full. Then, you have the quad in the middle. That can be customized for two people traveling together with a certain degree of privacy to two people who can literally have a double bed together or you can make it into four if you want. It's ideal for families or people who want to work together. It's



Qatar Airways' Eric Odone talks:

- Business class demand growth
- New Distribution Capability's resemblance to the drunk uncle at Christmas
- A new hire to manage travel management company relationships

basically a first class product. The only thing it doesn't have is [the typical first class exclusivity of six, nine or 12 seats]. It's 46.

HOW MANY AIRCRAFT FEATURE QSUITE?

Most of the 777s have it. The planes are being retrofitted. Plus, we are getting a new aircraft every 10 days, and all the long-haul ones have the Qsuite. It only started December 2017, so it's pretty recent. Now it's out of Dulles, O'Hare and Houston. We get into Latin America in December. We get into Dallas in January and L.A. in February. You need a critical mass to be appealing. Otherwise, you end up where you get it or you don't get it. Both JFK flights have it now.

HAVE YOU SEEN ANY CORPORATE CUSTOMERS SHIFT FROM FOCUSING ON SAVINGS TO FOCUSING ON TRAVELERS?

Our flights are long enough that economy is not really an option when you are over 12 hours, so that's good for us. But the difference I've seen is a renewed interest in customer benefits and product features. Five years ago, it was about savings and cost-cutting. Now, all of a sudden, we also want people to be happy because we're going to ask them to do a lot more once they're there, so we want them to get there in the best state possible. So for a product-led airline like us, it's great to see that.

WHAT IS YOUR DISTRIBUTION STRATEGY? DOES THE NEED TO SELL THIS PRODUCT HEIGHTEN YOUR INTEREST IN THE INTERNATIONAL AIR TRANSPORT ASSOCIATION'S NEW DISTRIBUTION CAPABILITY STANDARD?

We don't have a focus on cost from a customer perspective—as in, we don't cut on the size of soap or bread, or no butter, no salt or pepper—but we're very budget-conscious in terms of costs not seen by the customer. We have a very strong strategy of selling through our [website]. We have very definitely a strategy on having a partnership with the right distributors, selling our product. We're NDC compatible. We haven't done as much as others on that. I was at a conference and they said—and it made me giggle—NDC is like the drunk uncle you see at Christmas: Everybody talks about it, but nothing really major happens. But we are definitely working on that. You don't want to be just a green screen in front of a travel consultant. You want people to know what they are selling. In that respect, NDC is incredibly interesting.

WHAT'S THE LATEST ON DESTINATION GROWTH?

This year, we had 19 new destinations. However, a lot were more leisure focused, places in Thailand and a lot in Turkey. We're now opening Mombasa, [Kenya], which is completely leisure. Da Nang, [Vietnam], is probably half and half. Gothenburg, [Sweden], is definitely business. So there's a bit of both, but there hasn't been any major feeder destination from the U.S. for us this year. It's mostly been for other markets.

WHAT OTHER NEAR-TERM GOALS HAVE YOU SET?

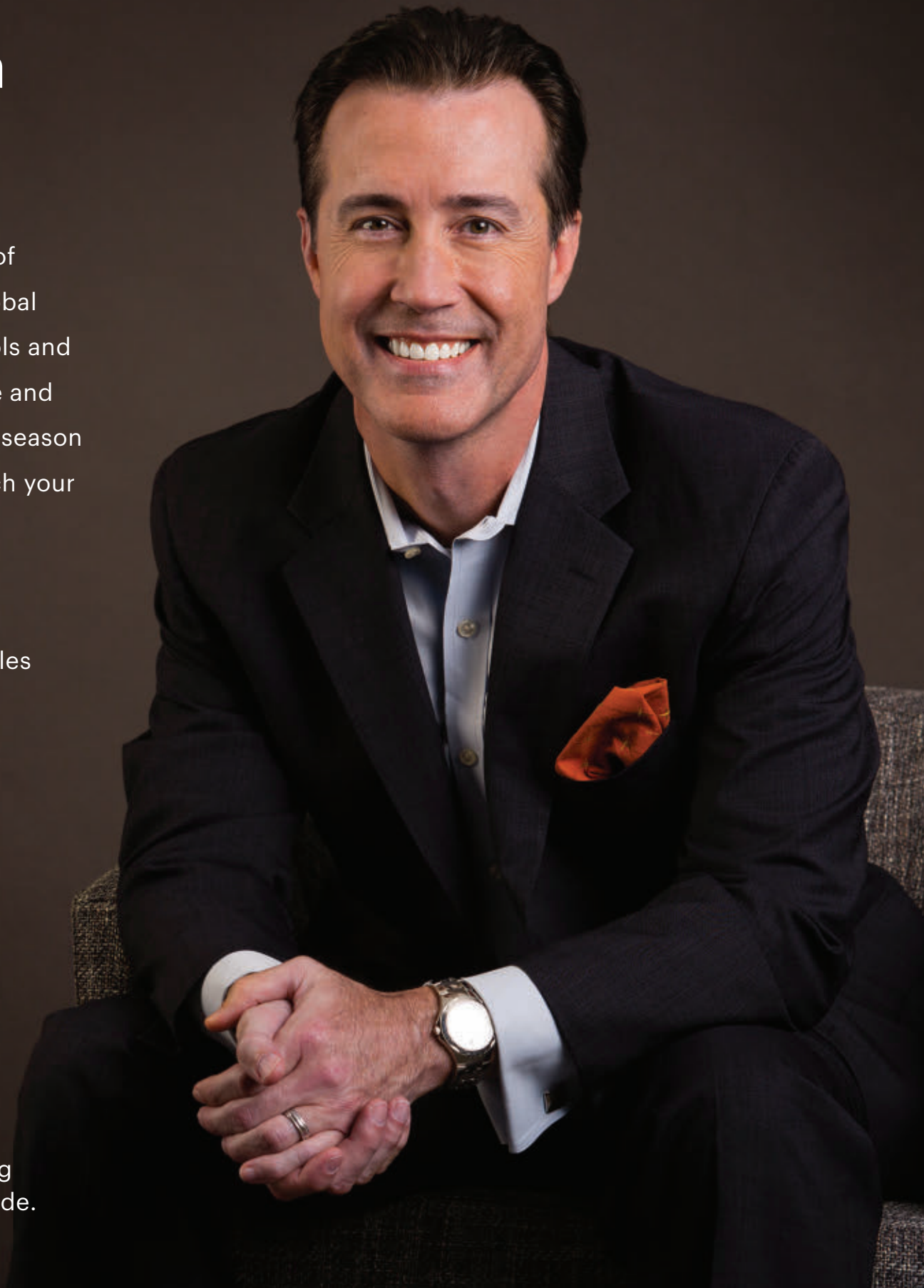
I've been in the position for six months, which is not that long. I'm looking at doing some internal reorg. We have a new position, which is going to be dedicated to TMCs and do the interface between Qatar Airways and the big agencies. That's a new role starting in December. ■

Thank **you** for a wonderful year

“This year, we put you at the center of everything. From broadening our global brand portfolio to designing new tools and programs that elevate your influence and impact. We wish you joy this holiday season and look forward to helping you reach your goals in the New Year.”

Derek DeCross

Senior Vice President, IHG Global Sales



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Travelers' Tech Tendencies

Travelers, both business and leisure want more capabilities on their travel apps but fewer apps to contend with. Here's more on how travelers feel about the tech available to them, from trip research to on-trip experience, according to Travelport's 2018 Digital Traveler

Survey. Travelport gathered this information via survey firm Toluna, which in August surveyed 16,200 leisure and business travelers from 25 countries. The travelers surveyed took at least one round-trip in the past year.

WHAT TRAVELERS WANT FROM THEIR APPS

To search for & book flights

68%

To receive real-time flight alerts throughout the trip

64%

To see the entire itinerary in one place

67%

68% of business travelers also want to book hotel & cars via app.

In China, 97% of leisure travelers & 90% of business travelers have booked & paid for travel on their phones.

Each traveler uses an average of 10 to 12 apps to search, book & travel. 55% of business travelers would prefer a single app to manage their entire itineraries.

Only 1 in 5 uses itinerary management tools.

BUSINESS TRAVELERS & ...

... HOTEL TECH

53%

want to check in on their phones, & 24% more would.

50%

want to use digital room keys.

67%

will avoid hotels that charge for Wi-Fi.

... TOUCH ID PAY LIKE APPLE PAY

55%

think it's important.

... BIOMETRIC SCREENING

81%

would use it to reduce the need to wait at security.

INDIA IS THE MOST DIGITALLY SAVVY

69%

of all travelers have used voice to research a trip.

81%

said digital boarding passes & e-tickets make travel easier.

13

apps are used by the average traveler during a trip.

71%

will avoid a hotel that charges for Wi-Fi.



8

Thanks for 8 continuous years of pushing the industry forward together.

Year after year, your insights inspire our innovations, leading to enhanced experiences for you and your travelers. Let's keep the cycle going.



DELTA
EDGE™

25

BTN'S 25 MOST INFLUENTIAL 2018



Meetings' Biggest Mover

CVENT FOUNDER & CEO

REGGIE AGGARWAL

There's a certain amount of influence that comes with sheer size, and if anyone has a lock on the meetings market at the moment, it's Cvent. So when the meetings management and events technology provider announced it would, in October, begin transitioning all clients to its Flex website building technology, a lot of companies prepped for the change. While clients can store and use their legacy templates through April 2019 or so, those designs will retire after that grace period, and the company expects all clients to migrate to the upgraded what-you-see-is-what-you-get Flex system in the next year.

Flex was the single biggest technology investment to date for Cvent, but Aggarwal also has been busy acquiring longer-tail solutions that both modernize and expand the technology stack. Among Cvent's trophies this year are Kapow, a distribution and instant booking platform for offsite venues and teambuilding experiences. It also snapped up Social Tables, an event diagramming, seating and collaboration technology that renders 3-D meeting space visuals.

Aggarwal noted that the biggest change for the company in 2018 was its rapid growth. "We are growing faster now than [the company] ever has over the last 19 years," he told the audience at Cvent Connect in July. The company signed more than 2,500 new customers in the first half of the year and in July was on track to hire the 1,000 employees it estimated hiring for the year. Cvent also has made strides in penetrating

the global market place. The company opened offices in Australia and Singapore last year and installed brick-and-mortar presences in Dubai and Germany in 2018.

While much of that growth has been driven by Cvent's meetings management and event technology and services, the company additionally has been tending to its alter ego since its merger with Lanyon in 2016; Cvent Business Transient claims 80 percent of the Fortune 100 as clients. A prediction: Cvent will double down on this side of the business in 2019.

—Elizabeth West

Manifesto Travel Manager

MICROSOFT GLOBAL DIRECTOR OF TRAVEL, VENUESOURCE & PAYMENT

ERIC BAILEY

This isn't the first time Bailey has been recognized for his outsized influence in managed travel. He's built technology, piloted with startups and collaborated with traditional suppliers to drive innovation through corporate travel technology stacks. This time, however, he may have crossed beyond influencer status to provocateur, galvanizing the voice of the travel buyer as the industry enters a time of transformation.

While he does not take personal credit for all the ideas and questions expressed in 2018's Corporate Travel Innovation Manifesto, which landed on LinkedIn (naturally) in April, he organized the group behind its publication and has functioned as both its most active distributor and defender. He has proceeded to develop with likeminded buyers collaborations that approach a handful of the concepts defined in the document.

Those concepts include traveler-controlled profiles and the potential for blockchain-based travel distribution and payment, which could take certain fees out of the travel management equation and redistribute value. It's a change that Bailey said might look "dangerous" to traditional suppliers but one that buyers and corporate travel startup technologies were eager to embrace. The manifesto also took on potential conflicts of interest baked into current travel management models—and urged buyers to dig deeper on these conversations with their suppliers.

"Transparency is something that we talk about with all our suppliers," Bailey told BTN in conversation about the manifesto this summer. "Any sort of bias or preferencing—away from saying, 'We want the best value for what the traveler wants based on the corporate travel program,' or anything that pushes away from that—makes me suspicious." He added that those conversations had increased in the months since publication of the manifesto. "There are lots of conversations about transparency and understanding intent," he said.

In terms of steps forward, Bailey and his Microsoft Travel team have spoken publicly about implementing a "mock-chain" to model new processes and commercial terms against traditional paradigms. Bailey also has talked about collaborations underway with EY's Karen Hutchings, another of BTN's 2018 Most Influential (see page 13). Per usual, Bailey is not looking out just for his own program. "I don't want to build one-off solutions for Microsoft, but in reality, we sometimes need to do some proof of concepts and work with startups to push along new alternatives for the industry," he told BTN. "Eventually, the industry has to respond to these changes, as well. We want to help get people in front of that."

—Elizabeth West



The Director

DELTA CEO

ED BASTIAN

Bastian's global alliance and investment strategy earned him a place on this list last year. This year, the influence that strategy is enabling became clearer.

One of the most striking examples was the announcement by Air France-KLM, in which Delta has a 10 percent stake, that its new CEO would be Benjamin Smith. Bastian said he "was involved in his hiring." Smith, the former operations chief for Air Canada, joined Air France at a turbulent time. The carrier has been besieged over the past year by strikes that ultimately resulted in the departure of Smith's predecessor. The choice of Smith was not without controversy, as he is the first non-French leader of Air France-KLM and some union leaders laid the influence at Delta's feet when deriding the choice.

Air France since has reached an agreement with the unions representing its ground staff and cabin crew, though it has yet to reach an agreement with its pilot and flight attendant unions. At the same time, Delta is using its resources to help Air France improve operations at Paris Charles de Gaulle Airport and is ironing out "technology seams" between the two companies, Bastian said. This comes as Delta and Air France also are consolidating their joint business with Virgin Atlantic, in which Delta has a 49 percent stake, into a single joint business agreement. "We've decided that for us, we can't effect change on behalf of customers if you're sitting solely in a commercial relationship," Bastian said. "You have to have a seat inside the boardroom, have a seat at the table, to make the change happen and hold them accountable."

Among the other carriers at whose table Delta has a seat are Aeromexico, Brazilian carrier Gol and China Eastern. Delta's strengthening relationship with the latter was one of the factors that also prompted China Southern, which has been building a relationship with American Airlines, to depart SkyTeam this year.

Delta's influence extends beyond those carriers in which it has a financial investment. Take WestJet, with which Delta announced a joint business agreement late in 2017. Over the past several years, the Canadian carrier has been transforming from a low-cost-carrier model to a more full-service model, with premium options targeting managed corporate travelers. Delta has given WestJet advice and help in that transformation.

—Michael B. Baker

Intrepid Explorer

ACCORHOTELS CHAIRMAN & CEO
SEBASTIEN BAZIN

Bazin joins BTN's Most Influential list for the third consecutive year. Accor had plenty of momentum going into this year, with a number of acquisitions the company had announced in 2017 set to close at the start of 2018. And close Accor did on the purchases of France's Gekko Group and Australia's Mantra Group, a deal that made Accor the largest hotelier in Australia and gave it a vital foothold to attract travelers across the Asia/Pacific region. But the hotel industry's most eager acquirer of recent years didn't stop there.

This year, Accor acquired a 50 percent stake in Mantis, a South African operator of five-star properties and lodges; it fully acquired restaurant reservation and table management platform ResDiary; it purchased Movenpick Hotels & Resorts from Switzerland's Movenpick Holding and Saudi Arabia's Kingdom Holding for 482 million euros in cash; it acquired 85 percent of Louisville-based hospitality management company 21c Museum Hotels for \$51 million; it agreed to acquire Chile's Atton Hotels for a total cash consideration of 89 million euros; and it bought a 50 percent stake in lifestyle hospitality group SBE Entertainment Group for \$125 million.

The company also this year completed the merger of its Le Club AccorHotels loyalty platform with that of FRHI, which Accor acquired in 2016. Additionally, it formed a strategic loyalty and IT partnership with China's Ctrip and struck a loyalty deal with Eurostar's Club Eurostar platform.

Not all of Accor's new ventures have turned out to be sterling successes. During the second quarter, Accor wrote off 246 million euros on its previous acquisitions of Onefinestay and John Paul and it initiated a strategic review of those businesses in July. Accor's executive leadership is still committed to making those businesses work, deputy CEO Jean-Jacques Morin said during Accor's third-quarter earnings call, but it's not sure how it plans to do so just yet.

Nevertheless, Bazin's willingness to boldly explore and invest in areas beyond traditional hotel stays—and even to stumble in those areas—is refreshing in an industry characterized by a historically slow reaction to change. It's also influential. While other hoteliers are testing the waters in areas like home rentals (Marriott International) and hostels (Hilton), Accor long ago dove in completely and has emerged with unmatched insight to carry into the future.

Bazin has described Accor as a lodging company on a quest to stick in the minds of consumers beyond when they stay in hotels. "Will we succeed? I don't know," he said during an investor presentation in February via an English translator. "Will we give it a try? For sure."

—Julie Sickel



NDC Driver

SVP OF SALES FOR LUFTHANSA HUB AIRLINES & CHIEF COMMERCIAL OFFICER FOR THE FRANKFURT HUB LUFTHANSA GROUP

HEIKE BIRLENBACH

Ever since introducing a 16-euro global distribution system surcharge in 2015, no legacy airline player has worked harder than Lufthansa Group to shift corporate travel from

traditional GDS distribution to either direct sales or New Distribution Capability. That strategy took another decisive leap forward in 2018, when Lufthansa withdrew its lowest economy and business class fares from the GDSs entirely. "The move caused many interactions with our corporate customers and the agencies, and therefore we gave the whole NDC issue another push," said Birlenbach, a management lifer with Lufthansa since 1990 now running the group's commercial distribution strategy.

There is no doubt that the initiative achieved this goal. NDC aggregator Travelfusion, for example, told BTN Group's The Beat that enquiries from travel management companies about getting connected tripled pretty much overnight after Lufthansa's announcement about withdrawing certain fares. But the "interactions" Birlenbach was referring to were by no means wholly favorable. GDSs and TMCs accused Lufthansa of reducing transparency because the fare withdrawals left travelers having to use different systems to book different airlines. Others countered that this wasn't the fault of Lufthansa but of TMCs overdepending on GDSs and not doing enough to integrate fares from whichever pipe they come.

Wherever responsibility lies, Lufthansa's move has created at least a short-term headache for travel managers, who "are coming under immense pressure because their intermediaries are no longer delivering the best fares, only surcharges," as CTC Corporate Travel Consulting principal Joerg Martin put it to BTN.

Birlenbach is convinced that forcing the NDC issue remains the right thing for Lufthansa to do. "I believe when we look back in a few years' time that a lot of participants in the industry will say it was good we pushed this forward," she said.

—Amon Cohen



Mature Millennial

AIRBNB CO-FOUNDER, HEAD OF COMMUNITY & CEO

BRIAN CHESKY

Airbnb is growing up. The platform turned 10 this year and marked the occasion with a significant turn toward maturity.

The company announced a segmentation strategy in February that aligned Airbnb more closely with traditional hospitality branding. It

stratified its content beyond the previous "entire home," "shared space" and "private room" to include more nuanced descriptors like "vacation home," "unique space," "B&B" and "boutique." It also introduced Airbnb Plus and Airbnb Beyond, which differentiate the platform's luxury-caliber product, and formalized Airbnb Collections.

Collections included a revamp of Airbnb for Business into Airbnb for Work, and there's been a concerted effort to attract corporate group business, as well. As of August, Airbnb had counted 275,000 companies actively managing employee Airbnb usage within travel programs. Airbnb's influence, however, is about more than the growth of its corporate-oriented business.

Chesky has made canny hiring decisions that show his commitment to maturing the brand. He onboarded veteran David Holyoke from Travel Leaders Corporate in 2016 and this year brought in former Amazon Prime VP Greg Greeley to run Airbnb Homes. As head of Airbnb for Work, Holyoke takes credit for invigorating that business. Greeley's role as president of Homes is more expansive but has strengthened the host community and galvanized them around the new segmentation.

Stronger differentiation has expanded partnership potential. Airbnb welcomed more boutique hotel business to the platform and established a critical corporate travel partnership this year with Concur. As of August, travel managers can display Airbnb for Work listings on the Concur platform.

Even as Airbnb nods to more traditional hospitality strategies and buttons up its offerings, its home sharing niche continues to attract established giants who want a piece of that market. Accor has tried to compete, but wrote off millions in the second quarter on account of its 2016 Onefinestay acquisition and has put the business under strategic review (see Sebastien Bazin at left). Accor's struggles have apparently not dampened enthusiasm among traditional players for what Airbnb has proven to be a lucrative market; Marriott International began piloting home rentals in April.

—Elizabeth West



Unicorn

TRIPACTIONS CO-FOUNDER & CEO

ARIEL COHEN

Cohen first showed BTN editors the TripActions mobile platform at a bowling alley in Chicago in 2015. This year, the CEO celebrated TripActions' "unicorn" status as a startup valued at more than \$1 billion.

Unlike many emerging apps and technologies coming into the managed space, TripActions has gone macro, not micro. It has fashioned itself as a new kind of technology-first travel management company and is building a commercial platform that relies on hotel commissions, Cohen said, but more on actually charging customers for service. TripActions has not taken incentive payments from distribution providers and doesn't rely on global distribution system technology to support its agency systems. "The GDS is just another content channel for us," Cohen told BTN at the Global Business Travel Association conference this summer, rattling off plenty more content partners like Expedia, Priceline, Booking.com and direct feeds from low-cost European airlines.

TripActions' omnichannel content philosophy necessitated infrastructure innovations. The company was working toward what Cohen called a "trip ID," which could include a passenger name record from Sabre for a portion of the trip, along with segments or itinerary elements from an aggregator or direct from a supplier. "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, we don't look at this as a PNR. ... We found a way to [merge all the trip elements from all the sources] and mask the complexity."

The company also is working on complexity issues for end-user travelers on the mobile app. With lots of content sources and lots of choices, artificial intelligence and machine learning engines need to function behind the scenes to deliver the right content choices to the user. Cohen claims 90 percent accuracy on predicting what the user will choose, but TripActions hasn't pulled the trigger on automating booking. "We don't think the market is ready," he said.

Skepticism remains in the user community about how well TripActions can scale and if it can serve global, large-market companies. That's Cohen's goal, and he sees the opportunity "everywhere" to take business from more traditional players. If the company sticks with smaller and midmarket clients for now, the competition among solutions trying to get at this business—from both startups like TravelPerk, TravelBank, WTMC and traditional players like Concur Hiphunk, FCM's CTGo and Business Travel Solutions by CWT—is fierce. But TripActions seems to be a driving force among the competition. While investors have shown strong interest in other startup corporate travel solutions, they are pushing a huge number of chips at TripActions: a total of \$231.5 million after closing a \$154 million, Series C funding round in August.

—Elizabeth West

Frenemy

FARELOGIX CEO

JIM DAVIDSON

When BTN first identified Davidson as among the 2018 Most Influential, there was one thing we didn't know, that Farelogix was in late-stage talks to be acquired by global distribution system provider Sabre (see page 3). Even without that piece, Davidson was a shoe-in for the list, thanks to the momentum behind the International Air Transport Association's New Distribution Capability and the role his company has played in that momentum: When American Airlines, Emirates, Lufthansa Group and Qantas Airways pipe NDC content, it's Farelogix technology supporting it. He told BTN Group's The Beat this summer that, aside from the number of providers using Farelogix technology, the company enabled "more than half" of total active NDC volume.

In terms of the November announcement that Sabre will acquire Farelogix, it's a curious moment for Davidson: moving back into the GDS environment. Once an executive with Amadeus, Davidson went the other way with Farelogix, which became synonymous with "GDS-bypass." As CEO, he was an outspoken agitator against GDS dominance. Before the Sabre/Farelogix announcement, though, Davidson spoke of a sea change in distribution collaboration and said he saw the industry working to put archaic protocols and antagonism behind it. "That's the gorilla sitting on my sofa," Davidson told BTN in October. "I keep asking myself, 'We're friends now?'"

Indeed, the GDS community has done an about-face as it eyes opportunities presented by NDC. An Amadeus IT Group executive declared in October that Amadeus had "not seen any players having a vision of going as far as we are prepared to go, which is [to] deliver the detailed reporting, the ability to service the bookings and support duty of care."

While Sabre's Farelogix acquisition won't change that vision for Amadeus or any other GDS, installing active NDC capabilities with Farelogix should catapult Sabre to industry-leading NDC status; it previously might have been perceived as relatively disengaged. Sabre was the last of the major GDSs to achieve IATA NDC Level 3 certification, in September. That perception changes dramatically now.

—Elizabeth West



The Striker

SNPL UNION LEADER

PHILIPPE EVAIN

Evain was the face of the labor disputes that prompted 15 days of strikes by 10 unions of pilots, cabin crew and ground personnel, as well as widespread disruption in 2018. As head of SNPL, the union of which a majority of Air France pilots are

members, Evain's hard-line approach likely drew out the dispute.

While most unions demanded a 6 percent pay increase, he demanded 10 percent. Between February and September 2018, the strikes slashed €335 million from Air France-KLM's income. Evain was a vocal critic of Jean-Marc Janaillac, who as Air France-KLM CEO had proposed to increase wages by 7 percent over four years and who, according to French newspaper La Figaro, privately blamed Evain for the failure to win majority support in a staff referendum. Janaillac subsequently resigned, in May, and shares fell by more than 14 percent, their steepest single-day drop in more than a decade, according to Bloomberg Businessweek.

Janaillac's replacement, Ben Smith, then negotiated a 2 percent pay increase, retroactive to Jan. 1, 2018, and another 2 percent increase effective Jan 1, 2019. Evain's SNPL and the flight attendants' union each rejected the deal, but the remaining unions, representing 76.4 percent of the airline's staff, signed the deal.

Early December brought a rebuke to Evain's approach from Air France pilots, as SNPL voted not to re-elect him. The new union representatives have elected Transavia captain Guillaume Gestas as president, and on Dec. 12, Air France promoted Anne Rigail to CEO, effective Dec. 17. Now, negotiations between Air France and the pilots and flight attendants continue, likely to a more agreeable conclusion.

—Dawit Habtemariam



The Unexpected Acquirer

AMERICAN EXPRESS DIGITAL LABS SVP
LUKE GEBB

At the end of last year, Swapnil Shinde, co-founder and CEO of Mezi, landed on BTN's 25 Most Influential list for the company's advancements in developing an artificial intelligence-powered, chat-based mobile booking tool for managed travel. Given the attention and accolades Mezi had racked up since its 2015 founding, it came as little surprise when the company was acquired in early 2018. Many, however, were caught off guard by the buyer. Instead of major travel management company, which seemed a more natural fit, it was payment card giant American Express that shelled out reportedly around \$150 million. Gebb led the acquisition drive on behalf of Amex.

Amex's strategy became clearer in June, when Mezi, which operates as a wholly owned Amex subsidiary, announced it was pulling out of its existing TMC relationships to focus on integrating its technology into Amex's cardholder services. The removal of Mezi from the managed travel sector left a gap in the market, removing what was widely considered one of the most promising mobile booking and services apps, at a time when such traveler-facing tools are increasingly prized by service providers seeking to offer added value to client companies.

While it left a handful of TMCs scrambling, Mezi's exit opened the door for other apps like 30 Seconds to Fly, which was adopted by WTMC, to gain more traction in the market. Meanwhile, Amex's stamp of approval served as powerful confirmation of the value of chatbot-based mobile booking tools at large, with investment dollars surging into the vertical in the year since and a number of emerging corporate travel enjoying the increased attention.

From either perspective, the acquisition—and, by extension, Gebb's role in pushing it through—had an undeniable influence on the corporate travel market in 2018.

—Adam Perrotta

Feel-Better Hotelier

HYATT HOTELS CORP. PRESIDENT & CEO

MARK HOPLAMAZIAN

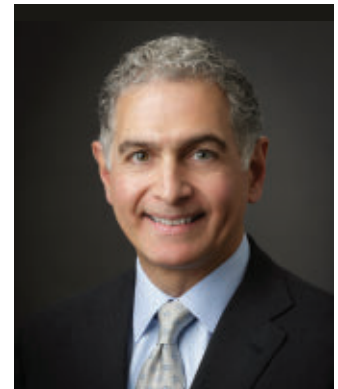
Most of the major hotel companies have at least one wellness-focused brand in their portfolio, sometimes two or three. It easily could have been the same for Hyatt Hotels Corp. when it acquired resort and spa brands Miraval and Exhale in 2017. Instead, Hyatt leveraged those brands' expertise to infuse its entire organization and portfolio of brands with a well-being mind-set. Hoplamazian said it wasn't so much a move to reposition the branding on the broader Hyatt brand as it was a way to strengthen its own statement of purpose: to care for people so they can be their best. About two-thirds of Hyatt's customers stay for business versus leisure, so Hyatt had to deliver on its purpose for the business travel segment. "The essential insight really was recognizing that business travel can be really disruptive to well-being," Hoplamazian said. "We wanted to turn that on its head and really frame it as travel as an opportunity to enhance well-being."

Hyatt has been working directly with corporate customers, including those from large consultancies and the Big Four accounting firms, that have well-being officers in their C-suites. Together, they identify and design programs that deliver on wellness, such as mindful meetings. An example: on-demand fitness video content from Exhale also is available at Hyatt Place select-service hotels. Another: World of Hyatt credit card holders earn rewards for spending on fitness.

While pursuing the idea of well-being drives value for Hyatt's customers and for the corporate brand, Hoplamazian also admits that it's a promising growth area. "We knew that people were focused on this for their own selves, but they also were spending more and more money on wellness and well-being travel," Hoplamazian said. "The global wellness economy is growing at twice the pace of the global economy at large." Hyatt also has gained a foothold on wellness in the attractive Asia/Pacific market via its Nov. 30 acquisition of hotel management company Two Roads Hospitality. That deal gives Hyatt five lifestyle brands, but Hoplamazian said he's most eager for the Alila brand, which "has a deep history of well-being and spa operations."

The true tell of how influential Hyatt's moves are will be when other brands copy its strategy; remember how many boutique brands launched after InterContinental Hotels Group bought Kimpton? However, Hoplamazian is confident that Hyatt's model will be difficult to replicate. Not only has Hyatt committed to caring and wellness for its guests, but it has infused those qualities across its own internal culture.

—Julie Sickel



NDC's Usher

INTERNATIONAL AIR TRANSPORT ASSOCIATION
NEW DISTRIBUTION CAPABILITY PROGRAM DIRECTOR

YANIK HOYLES

Love it, loathe it or still not understand it, 2018 felt like the year the International Air Transport Association's New Distribution Capability reached a point of no return. Airline executive Hoyles joined IATA in

2011 and two years later became chief shepherd for the technical standard that helps airlines distribute through internet-based pipes to travel agents. According to Hoyles, this has been "a year of commitment and engagement along the value chain."

At one end of that chain, he points to a Leaderboard of airlines committed to pushing 20 percent of indirect sales through NDC by the end of 2020. "Twenty-one carriers have put their hands up and said, 'We're in,'" said Hoyles. Next come the global distribution systems, which all have been "certified at the highest level and shared road maps for being in plug-and-play mode by 2019," Hoyles said. In all, 62 tech companies have been certified. Then there are the many travel management companies pledged to introduce NDC, some through their own technology while others await the GDSs.

At the other end of the chain, the travel buyer is where Hoyles admits most engagement is needed. According to The Evolution of Air Distribution, a white paper released in October and based on an Association of Corporate Travel Executives and American Express Global Business Travel survey, 81 percent are not at all confident or are only somewhat confident in their understanding of NDC. Those who do understand it, meanwhile, are calling for more tangible benefits.

In spite of the progress, "the numbers [of bookings through NDC] are very small," Hoyles said. However, he is not disappointed. "It took 13 years to move to e-ticketing," he said. "Consider how disruptive NDC is in comparison. Changing the pipes is very complicated in our industry."

Don't bank on 2019 being the year the NDC switch is truly flicked, either. Hoyles predicted that a hockey stick curve will take a further 12 months. "It's going to go through the roof. 2020 will be the year we get to that critical mass."

—Amon Cohen



The Magician Who Made Hotel RFPs Disappear

EY GLOBAL HEAD OF TRAVEL, MEETINGS & EVENTS

KAREN HUTCHINGS

EY's travel, meetings and events program operates with a straightforward, yet radical-for-this-industry philosophy: Keep it simple and challenge the status quo. Perhaps that's why Hutchings is no stranger to BTN's Most Influential list. She also was named in 2015 for establishing a "co-opetition" structure with EY's three global travel management companies and earned the title of BTN's 2015 Multinational Travel Manager of the Year for the initiative.

This year, Hutchings garnered yet another honor, BTN's Travel Manager of the Year, for applying the EY philosophy to the organization's massive global hotel program. Hutchings and her team deployed a new hotel sourcing process that tossed out the traditional RFP. The team redefined and put in place dynamic rates, introduced rate caps to almost 600 cities and more than 100 markets and used rate shopping technology to track EY's dynamic discounts along the way. The change has more than cut in half the length of time EY spends on hotel sourcing, taking it from an RFP process to a "renewal" process. The team's time is now freed up to negotiate more value adds for employees and to explore new ways to improve the program.

Hutchings also has shown the corporate travel industry that an alternative to the traditional hotel RFP model of annually negotiating static rates annually and can save travel programs time and money in the process. At BTN Group's Innovate conference in October, Hutchings said travel buyers and hoteliers alike have started asking the question, "Are you going to do a traditional RFP or the EY RFP?"

It's still a work in progress to get the industry to change. Hutchings said one of the biggest struggles has been to get hoteliers to truly believe that the process can be faster for them, too. "Our industry is struggling with the challenging of the status quo," Hutchings said in October. "But many of these things are coming at us like a freight train and, for me, you have to embrace it because if you don't, others will be around that are embracing it."

—Julie Sickel

KPI Creator

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

SHAWN JOHNSON

When Johnson took the reins of The Church of Jesus Christ of Latter-Day Saints' massive global travel program, he determined that the standard metrics for measuring the cost of an airline program—cost per mile, per segment or per traveler, for example—did not sufficiently show the value of his airline partners. So he developed his own metrics.

Johnson took hard data—such as on-time rankings, baggage handling performance and cancellation rates—and in tandem came up with a way to score airlines on more qualitative elements, such as how well airlines respond to travelers during irregular operations, what sort of benefits their frequent-flier programs offer and the quality of their sales teams. He factored all of that into standard metrics to create a new one: quality cost per mile and segment.

Scott Gillespie, co-founder and managing partner of tClara and one of the consultants Johnson worked with in developing the metrics, this summer said the LDS Church program was the only one that "has really made substantial improvements to" standard airline metrics.

The new metrics enabled Johnson to identify which airline partners were bringing value, allowing him to consolidate the travel program's list of partners. In turn, he's seen an uptick in satisfaction from his travelers. And airlines, knowing they are being measured beyond costs, have been more motivated to improve their product and service offerings for the church, he said.

Of course, some airlines have been pushing to get quality recognized within travel programs for several years now. Delta, for example, led the U.S. industry in introducing its Edge reporting tool, as well as an operational guarantee that provides reimbursement should its performance drop below that of both of its key competitors, and other carriers have followed suit.

Johnson, meanwhile, said his travel manager counterparts often are unsure how to start determining "quality" or how to get buy-in from internal stakeholders. "It has been helpful for us to be able to describe our journey and share ideas about how to overcome some of these challenges and concerns, and we have also learned a great deal from speaking to other organizations about how they might define quality, which has provided a platform to continually improve the effectiveness of our measures," Johnson said. "The typical response from most organizations, once they see the details of what we are doing and how we are doing it, is that they are surprised at the rigor of our measure and just how defensible and thorough it is. Hopefully, those we have met with have felt more empowered and equipped to start the process of tackling this initiative for themselves."

Additionally, Johnson is looking to bring quality-measuring metrics to other parts of his travel program, such as "quality cost per average daily rate" for rental cars or "quality cost per night's stay" for hotels. "Those may not end up being exactly the measures that we will use moving forward, but we are moving in that direction," Johnson said.

—Michael B. Baker



CONTINUED ON PAGE 16

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“ Time well spent—can't wait for next year! Being presented the latest travel innovations while hearing feedback for each new product offering from industry professionals was invaluable. I appreciate the ability to speak face to face with suppliers of interest and obtained some great takeaways from the Master Classes and education sessions. Well done, BTN! ”

- Ruth O'Brien, Travel Manager - The Americas, Firmenich



2018 People's Choice Winner Tony D'Astolfo of Zeno by Serko



2018 Business Travel Innovator Award Winners Kurt Knackstedt and Tarik Sedlarevic of Troovo

CONTINUED FROM PAGE 13

Merger of Megs

AMERICAN EXPRESS GLOBAL BUSINESS TRAVEL BOARD CHAIR & CERTARES FOUNDER & MANAGING PARTNER

GREG O'HARA

Two of the world's largest travel management companies became one this year when American Express Global Business Travel in July completed its 410 million-British pound takeover of HRG. Orchestrated by O'Hara and announced in February, the deal formed the mega of all mega TMCs, with a combined \$36 billion in annual transaction value.

For Amex GBT, the acquisition bulks up buying power with suppliers, provides a stronger presence in some markets, especially in Europe, and poses the opportunity and challenge of combining the best elements of each organization's people, culture and technology. For competitors, it represents a bigger rival to compete with and also a potential opportunity, should the tie-up yield client attrition, as some suspect. For clients, it provides a bigger footprint, and, said O'Hara, lower pricing. For employees, it means job cuts for some, new titles for others and lots of integration work.

O'Hara and Co. got the deal done. Now, the management team and employees have to get the implementation done right, as two large, multinational TMCs integrate. "We came up with a merger integration plan that's both ahead on time and budget," O'Hara said in December at a BTN Group event. "One of the things that's nice for us is: Our sales continue to increase. We're able to use the scale we require to lower prices. I hope you guys are starting to see that reflected in the marketplace, and we think those prices will continue to come down. And that generally makes people happier in the travel-buying universe."

While O'Hara makes the deal sound simple—"HRG was a public company. That means it's for sale every day"—the transaction required buy-in from HRG management, support from 50/50 joint-venture partner American Express (as part of the deal, Amex card competitor Visa acquired Hogg Robinson's Freedom unit) and doing the "yeoman-like, trudging work" of acquiring a public company, including all the customary closing conditions that entails.

Ever hungry for more, O'Hara, just months after closing the HRG deal, said: "If anyone at CWT or BCD is interested in selling those businesses, I am interested. But until they are, I'm unable to transact."

—Jay Boehmer



Renaissance Man

SABRE CEO

SEAN MENKE

This is not your father's Sabre. It's not Tom Klein's Sabre or Sam Gilliland's Sabre. No, those former CEOs are gone, and now the travel distribution and travel IT company is being reinvented by a former airline executive who, in two years as CEO, has ushered in major and sometimes surprising changes.

The biggest surprise came in November, when Sabre agreed to acquire Farelogix for \$360 million (see page 3). Yes, that Farelogix. The one led by Jim Davidson, a CEO who relished being an irritant to global distribution systems (see page 11). Yes, that Farelogix. The one whose earlier business focus was "essentially killed" by Sabre nearly a decade ago, as Davidson recalled in testimony at trial as a witness against Sabre a couple years ago. Yes, that Farelogix. The one whose business model, at least for a time, was premised on bypassing GDSs like Sabre's and disrupting the distribution status quo.

The deal is the culmination, to date at least, of Sabre's reinvention under Menke—a "renaissance" within the company, as one of his deputies, Dave Shirk, said. Amid that renaissance, the C-suite is unrecognizable from a couple years ago; the company began moving its tech foundation from mainframes to the cloud to open up its systems and shake a legacy identity; it cut headcount by 9 percent last year and this year introduced a new organizational structure, more closely aligning its GDS and airline IT businesses.

At investor and client forums this year, Menke has advocated a "one Sabre" concept and sees the company repositioning as a "microservices-enabled" technology "platform" focused on "retailing, distribution and fulfillment." The Farelogix deal, Menke's first strategic acquisition as CEO, is an exclamation point on that statement. Farelogix's technology serves airlines in pricing, retailing and merchandizing. It manages application programming interfaces for some of the world's largest carriers—including American, Emirates, Lufthansa Group and Qantas—to transmit fares, offers, bundles and ancillaries from their internal systems to sales channels. Those channels include GDSs but also those trying to bypass them.

The market responded with surprise, but many took the deal as sign that Sabre was dead serious about playing in a distribution world that is being reshaped by the International Air Transport Association's New Distribution Capability. Even so, some airlines liked having David in their corner against Goliath.

Now that Goliath has adopted David as a son and David has disarmed his slingshot, what happens next?

—Jay Boehmer



Makeover Artist

ATPCO PRESIDENT & CEO

ROLF PURZER

ATPCO has been around for 53 years, and its first acquisition didn't come until 2018. "I thought that ATPCO was like the IRS of the industry," joked the seller, Routehappy founder and CEO Robert Albert. He may not be alone in casting ATPCO as a glamorous piece of legacy airline infrastructure. Yet, like airline distribution itself, the airline-owned entity is undergoing a digital transformation.

When Purzer joined in early 2017, he set out to modernize ATPCO, and the Routehappy acquisition represents a pivotal moment in its transition from a mainframe-based clearinghouse of fare and rules data to a cloud-based enabler of "retailing, customized offers, rich content, dynamic pricing in all channels, and that includes NDC," Purzer said.

Launched in 2011, Routehappy has scores of customers, including distributors, online travel agencies, corporate booking systems and airlines that tap into its airline amenity data. Expedia, Google and Sabre are among them. It also operates the Routehappy Hub, which helps airlines like Delta and United manage and distribute photos, product descriptions and service attributes on their flights. Routehappy has become the closest thing to an industry standard for the management of airline rich content and amenity data, an admitted gap for ATPCO.

Further, Purzer said, "Our target was to absorb some of their much more agile culture, and we are intentionally trying to implement that and change the genes of ATPCO." To that end, ATPCO and Routehappy teams are collaborating on product development, especially where ancillary airline products, rich content and retailing meet. ATPCO and Routehappy this year kicked off the Next Generation Storefront, which has been piloted with large U.S. carriers to bring more consistent characterizations of airline product offerings to shoppers, "similar to what happens in the hotel industry where you shop two-star or three-star hotels," said Purzer. "The industry has to decide what are these like-type airline products and services that can be put into a category—maybe good, better, best or one-star, two-star, three-star—and to place that in all channels but particularly the indirect channels so that comparison shopping is made available." The endeavor is just beginning, and industry stakeholders will hash out the particulars, with ATPCO as a facilitator and technology enabler.

Further, in its push to modernize and stay relevant in next-generation airline distribution, ATPCO and SITA launched the NDC Exchange, a translation layer that lets airlines, travel sellers and others in the ecosystem more easily consume application programming interfaces that align with the New Distribution Capability standard. Air Canada, British Airways and United, as well as travel sellers and tech companies, are using it.

—Jay Boehmer



Round Peg Who Created a Round Hole

HRS PRESIDENT & CEO

TOBIAS RAGGE

HRS until recently sat rather uncomfortably in the minds of corporate prospects. Was it a sourcing company? Was it a content provider to the global distribution system? Was it a booking platform? Ragge said the company is honest with itself that it didn't necessarily make clear from the beginning the sort of value it can bring to clients. Nevertheless, since it first made a push into corporate travel, HRS has managed to be disruptive to the industry under the leadership of Ragge, who also made BTN's Most Influential in 2014 and 2016.

As the corporate market has broken from all-in-one-providers of the past—i.e., travel management companies and GDSs—and moved toward functional and category specialists, HRS has stepped in as an end-to-end business process-outsourcing partner for corporate hotel programs. As cor-

porates have gained an appetite for transparency, HRS has leveraged its unique position in the market as a non-TMC, non-hotelier, non-GDS to make transparency and data quality a key part of its value proposition. There are other strengths: its global reach and understanding of a complex, fragmented industry; its disruptive business model that's predicated on being profitable only if it delivers value to its clients; its bespoke technology solutions.

This year has furthered HRS' status as a disruptor, as work with major clients like Siemens have helped the corporate travel industry ignore its previous exercise of trying to fit HRS into a single box. Instead, the industry can focus on what the company can do from a customer perspective. "We're solving a problem; we're saying, 'Give us the challenge from procurement, from the booking, from the payment experience,'" Ragge said. "I think this is where these customers are great lighthouse cases because it shows that customers just want to get rid of the complexity. Have a partner who does it and outsource it to get better results."

In addition to Siemens, HRS also has struck deals with other tech-forward global companies, including Google, Alibaba and, most recently announced, Amazon. HRS has grown its presence in the U.S., opening a San Francisco office in October, joining New York City and Dallas. It's HRS's 35th office globally. Earlier this year, the company also added a rate-filtering component to its previously launched Rate Protector Suite. This shifts the resolution of incorrect hotel rates from a reactive process to a proactive process prior to booking, and it eliminates difficult-to-detect squatter rates.

—Julie Sichel



FAA Funder

FORMER CHAIRMAN OF THE U.S. HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

BILL SHUSTER

Before retiring, Shuster left a parting gift to the travel community: a reauthorization bill for the FAA that's most remarkable feature is its length. The nine-term Pennsylvania Republican announced at the beginning of this year that he would not seek reelection and instead wanted to spend his last year as House Transportation Committee chairman, a role term limits would have ended even if he sought reelection, focusing on infrastructure. Shuster was a primary advocate for decoupling air traffic control from the FAA into a separate, nonprofit corporation.

He never got enough support, though, to pass both houses of Congress. His committee did, however, accomplish something that hasn't been done since 1982: pass a reauthorization bill that provides five years of appropriations to the FAA. The longest reauthorization in recent history was for three years, starting in 2012; subsequent reauthorizations simply kicked the can down the road for a year at a time.

Even without the ATC provision, Shuster's legislation includes components that will impact business travel down the road. It calls on the FAA to determine minimum seat sizes to meet health and safety needs for passengers, bans involuntary bumping of passengers from aircrafts after they have boarded and provides for a reexamination of the prohibition on exceeding the speed of sound over U.S. soil, which in effect has placed a ban on supersonic aircraft.

—Michael B. Baker



Commissions Cutter

MARRIOTT INTERNATIONAL PRESIDENT & CEO

ARNE SORENSON

Marriott International is the largest hotel company in the world, so when Sorenson makes a major decision, the entire industry feels the ramifications. When Marriott cut the commissions it pays to third-party intermediaries and corporate clients across its managed and franchised properties in the U.S. and Canada, from the decades-old standard of 10 percent to 7 percent, a seismic shift in the industry followed.

Many in the corporate travel community reacted angrily, though many also weren't surprised, given the consolidation occurring in the lodging industry. Three large hotel chains—Hilton Hotels Corp., InterContinental Hotels Group and Hyatt Hotels Corp.—subsequently also cut meetings commissions from 10 percent to 7 percent. Sans sufficient funding from commissions, meetings professionals now have to reset and rethink their meetings programs.

Another function of the company's titan status is the massive number of loyalty program members. Following Marriott's acquisition of Starwood Hotels & Resorts, Marriott has merged Marriott Rewards, Starwood Preferred Guest and The Ritz-Carlton Rewards into a single loyalty account, bringing the membership roster to 120 million as of the end of the third quarter and pressuring Marriott's competitors to grow their own loyalty programs. Among other moves by which Marriott may set precedent, the giant has waded into Airbnb territory. In April, it piloted 200 home rentals in London through its Tribute Portfolio brand. Several months later, it expanded the pilot to Paris, Rome and Lisbon, bringing its homesharing offering to 340 properties. Marriott also piloted facial recognition technology at check-in, via Alibaba travel services platform Fliggy. Aiming for improved hotel operations and personalization, Marriott implemented the technology at two properties in China and intends to roll it out the across all Marriott properties.

While power may come with size, there are perils aplenty. As BTN named Sorenson to the 2018 Most Influential list, Marriott disclosed a data privacy breach that has affected as many as 500 million people, including business travelers (*see front page*). While the company has taken measures to minimize the impact, critics say the response has been lackluster and poorly executed.

—Dawit Habtemariam



The Justice Who Speaks Little but Carries a Big Pen

SUPREME COURT ASSOCIATE JUSTICE

CLARENCE THOMAS

Thomas isn't a big talker—he famously went more than a decade without asking a single question from the bench—but when the Supreme Court upheld American Express' antisteering policies in June, the taciturn Thomas' 5-4 majority written decision reverberated through the corporate travel industry. Thomas proclaimed there was "nothing inherently anticompetitive" about the antisteering provisions included in Amex's merchant contracts, which bar retailers from incentivizing customers to use payment types with lower merchant fees. In fact, Thomas argued, the provisions actually promote competition by prodding other card networks to develop innovative products that offer cardholders better rewards while charging merchants more for accepting them.

In affirming Amex's approach of charging merchants higher fees and passing the benefits on to cardholders, the decision ensured the company's corporate cardholders will continue to have access to the perks they've come to expect. And given Amex's leading position in the corporate card market, other networks are more likely to emulate that model, bolstering their own offerings to compete.

Meanwhile, the ripple effect of the high court's decision extended beyond the card sector. Global distribution system operator Sabre argued that the ruling should be grounds to dismiss the \$15 million it was ordered to pay US Airways in late 2016. A New York federal jury had found that Sabre had restricted trade by forcing the airline to accept a full content provision requiring the airline to list all its seats on Sabre in order to be listed on the GDS. In a July letter to the Second U.S. Circuit Court of Appeals, which is hearing Sabre's appeal of the jury verdict, Sabre argued its distribution platform is comparable to the credit card market, in that it serves two distinct groups of customers—in Sabre's case, travel agents and airlines. Citing Thomas' reasoning in his Amex opinion, that cardholders benefited from Amex merchant fees in the form of rewards and other perks, Sabre argued that any cost its full content provisions impose on airlines is offset by the benefits to its travel agent customers, who enjoy access to a larger selection of seats.

The appeals court has yet to rule on Sabre's appeal, but whatever the outcome, Thomas' words in the Amex decision likely will echo through the corporate travel space for a long time to come.

—Adam Perrotta



Conversation Starter

FESTIVE ROAD MANAGING PARTNER

CAROLINE STRACHAN

For many, working in corporate travel pays the mortgage. But anyone who meets Strachan quickly understands that the relentlessly creative former Institute of Travel Management chair and Global Business Travel Association Europe president plays this game because she burns to make a difference. After 10 years in meetings and events and another 10 in travel management, followed by a brief stint at American Express, Strachan finally found the ideal vehicle for her energies in 2015, joining Paul Tilstone's fledgling consultancy, Festive Road, as joint managing partner.

The pair's exceptional flair for marketing and generating conversation in corporate travel has redefined and popularized travel management consultancy, one independent consultant told BTN. "Festive Road has created more demand for all of us because people get to hear stories of what has been done," the consultant said.

Issues Strachan has pushed in 2018 include improving the traveler experience, aligning travel programs with wider corporate goals and offering an alternative TMC selection method to the widely reviled RFP process. Strachan starts by facilitating informal meetings with travel management companies to gauge cultural fit before establishing capability by posing 70 straightforward yes/no questions, then asking TMCs to differentiate themselves. "Every client loves it, but we want this to be bigger than Festive Road," said Strachan. "We are talking about ways in which we can industrialize it."

Another major interest in 2018 has been career development for women. She mentors five women personally and is co-founder of Level Women, a U.K. equivalent to WINiT. Level Women has attracted 500 women to its events and, said Strachan, "ended up being a mass-mentoring exercise." Festive Road also sponsored a master class for 50 female business travel professionals at the Royal Academy of Dramatic Art in London to provide the confidence and skills to speak at industry events, thus boosting the number of visible female authorities in the industry. Expect to see Strachan's protégées on a stage near you in 2019.

—Amon Cohen

Mr. Corporate Travel Tech

MEZI VP OF TRAVEL STRATEGY & PARTNERSHIPS

JOHNNY THORSEN

Artificial intelligence-powered chatbot and mobile booking platform Mezi announced Johnny Thorsen's onboarding in May 2017. The move instantly signaled how serious the startup had become in targeting the corporate market. Thorsen's name is synonymous with corporate travel technology innovation. He was a key executive at GetThere when Sabre acquired it in 2000. He co-founded travel text messaging app ConTgo, acquired by Concur in 2013. When, 13 months into his Mezi tenure, American Express pulled the startup completely out of the corporate space to go full consumer, many were surprised.

Thorsen is committed to Mezi's success within American Express. "I love the Mezi technology, and the market will see it come back to life in 2019 as a new brand name inside of American Express. They will see it create dramatic new capabilities in the travel space but on the consumer side for the time being," he said.

Even as Thorsen works to launch Mezi as a consumer product, his guidance is driving innovation in the corporate travel technology space. He formally advises seven travel- and meetings-oriented startups: ConsenSys (Travel Spoke), Gaest, Medical Travel Companions, Riskline, Stabilitas, TroopTravel and Winding Tree. The scope is diverse, from blockchain travel distribution and

smart contracts to risk management, personalized travel services and meetings sourcing. He informally advises four more startups, and others have approached him.

Thorsen's experience and travel knowledge is just one factor drawing the startup community to his door; the clarity of his vision is the other. Thorsen predicts great change coming to managed travel with tech-powered microservices

creating new opportunities. "These startups have a strategic mind-set to do one narrow thing extremely well. I've seen the buyer reaction. It is dramatic. They immediately ask providers, 'Can you do this and this and this?' So far, providers have resisted and said someone else would have to help them with that. It's different from the big traditional players. Emerging providers are strategically ready to connect through APIs to other companies with additional services. They don't see this as a competitive problem," he said.

"Most of them are carving out new verticals that haven't been considered a separate business area," he added. "This tells me buyers have missed out on innovation over the last several years when everyone was focused on becoming that big booking engine."

Thorsen also believes microservices will change how travel programs are constructed—and who will be putting them together. It may not be traditional travel managers. "Companies will face a choice: They can play it safe in the old world with big, complex solutions, but eventually [these solutions] will fall behind in more and more places," Thorsen said. "If they want to go [with] microservices, companies will finally move [travel programs] into the technology world. They will need to sit with a travel solutions architect," which, he said, will emerge as a new role.

—Elizabeth West



Open Skies Guardian

FORMER U.S. SECRETARY OF STATE

REX TILLERSON

Although former Exxon big boss Tillerson's stint as U.S. Secretary of State was the shortest for a president's first pick since the William McKinley administration, one long-running airline dispute did see a resolution under his watch. For now, at least. Shortly after Tillerson's appointment in 2017, the CEOs of American, Delta and United all implored him to review Open Skies agreements with Qatar and United Arab Emirates, based on allegations that those airlines were operating on government subsidies, a violation of those agreements. This was an argument the U.S. carriers and their allies have presented—and that the Gulf carriers have denied—since 2015. About a year later, Tillerson announced a deal with Qatar in which Qatar Airways promised to disclose financial statements meeting internationally recognized standards and averring they had no plans to add fifth freedom flights, meaning flights that both originate and end outside the carrier's country. A similar agreement with the United Arab Emirates was announced a few months later, albeit after Tillerson's departure. The binding level of the fifth freedom promises depended upon whom you asked, but it was enough for the U.S. Big Three to claim satisfaction and a victory.

That satisfaction might be temporary. A recent analysis piece by the CAPA Centre for Aviation noted, "The recent agreements appear to have been a brief truce, and the rhetoric could ratchet up at any time." Already, the Big Three U.S. carriers have raised objections over Air Italy growing its network from Milan to both San Francisco and Los Angeles next year, saying they are de facto fifth freedom flights, given Qatar's 49 percent stake in Air Italy.

In 2015, during an interview on CNN about Open Skies, then-Delta CEO Richard Anderson referenced the fact that many of the Sept. 11 hijackers came from the Arabian Peninsula, and in 2017, Qatar Airways CEO Akbar Al Baker made derogatory comments on the age of U.S. carriers' flight attendants, saying, "You're always being served by grandmothers on American carriers." Given all that heat, even the temporary cooldown Tillerson engineered is no small accomplishment.

—Michael B. Baker



Toll Collector

BCD GROUP FOUNDER & OWNER

JOHN FENTENER VAN VLISSINGEN

The road American Express Global Business Travel navigated to acquire fellow mega travel management company HRG this year had to pass through a Dutch billionaire's toll booth. But not just any Dutch billionaire. On first pass, it seems surprising that van Vlissingen, as owner of BCD Group but also the single largest shareholder of Hogg Robinson, would let HRG fall into the arms of a BCD Travel competitor. But the time was right for van Vlissingen to cash out—and to do so at a premium above HRG's publicly traded share price.

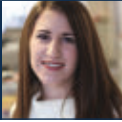
Van Vlissingen's Boron Management held around 24 percent of Hogg Robinson shares, and Amex GBT's acquisition of HRG occurred with his blessing. He has maintained that his initial position in Hogg was defensive, to ensure he had a seat at the table for any potential transaction involving HRG. He was compelled to take that seat because BCD Travel predecessor WorldTravel BTI had operated the Business Travel International joint venture with HRG. While that joint venture disbanded more than a decade ago, BCD and HRG continued to share mutual clients for a period. "In the early days of BCD Travel in the mid-2000s, some 30 percent of our international clients were joint accounts," van Vlissingen stated on the day the Amex GBT-HRG deal was announced in February. "At that time, we were still building up our company and extending our international presence. There are no longer any contractually shared accounts."

BCD skipped the opportunity to buy HRG itself, as van Vlissingen found more cost-effective ways to grow BCD. Further, HRG never felt like the right fit, culturally or strategically, said BCD Travel CEO John Snyder.

One implication of the Amex GBT-HRG deal, which closed at 410 million British pounds, is van Vlissingen's sizable cash-out, which, by extension, puts more cash in play for BCD. "I would guess probably 50 percent to 75 percent of that will end up in the BCD holding family," Snyder said at BTN Group's The Beat Live conference in October. "I'm now CEO of the holding company, as well, so it's not just BCD Travel. There are other companies in that. So we'll get access to use of some of those funds." He said potential areas of investment include BCD Travel's proprietary technologies, its meetings and events business, international markets where the TMC lacks an owned presence and the formation of a venture capital outfit to invest in startups.

And so, the next time BCD Travel makes an acquisition or releases a new product, just think: Amex GBT may have helped pay for it.

—Jay Boehmer



CONTINUED FROM FRONT PAGE

Starwood Data Breach

website and call center and is contacting guests impacted by the breach. It is also offering impacted guests enrollment in identity protection services.

What Travel Managers Are Doing

Given the ubiquity of a major hotel brand like Starwood, which Marriott acquired in September 2016, it's "nearly impossible" for corporates to stop partnering with such a brand, noted one travel and payment manager for a Fortune 500 company who preferred to remain anonymous. Furthermore, cutting ties with one brand doesn't eliminate the risk that another hotel partner might suffer its own breach.

With breaches essentially unavoidable, companies could push hotels to commit to more specific remediation when they do occur. The travel manager with whom BTN spoke said their firm's contracts with suppliers use only general liability language. However, in the wake of the Starwood breach, the company "would certainly consider" adding specific covenants around card and passport replacement requirements on behalf of employees whose data may have been exposed.

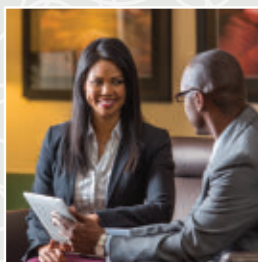
Meanwhile, the continued threat of breaches could boost the growing interest in virtual cards in the corporate travel sector. Security is a major selling point of virtual cards, which are used only once, meaning card numbers are subsequently useless, even if they fall into the hands of hackers.

Bill Amaral, business partnership and travel manager for the state of California, said protecting state employees against data breaches was a major factor in his push to transition the

state's travel payment process to an almost entirely virtual card-based model, beginning in 2014. "The risk of having credit card info [on file] at every single hotel site definitely caused a concern for us and our travelers," Amaral said. "When we went out and did the training for the virtual card program, security was the single most asked about question" from travelers. The Home Depot had suffered a major breach



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around that time, which had increased awareness of the issue among employees, he added.

And with the next breach likely not far off, the benefits of virtual cards will become only more apparent, according to Amaral. “The more these breaches happen, the more [virtual cards] are going to be part of the conversation” for corporate travel managers, he predicted.

Breaches, Mergers & Tech Migration

Back in late November 2015, when Starwood was still an independent, publicly traded company, it disclosed that malware had been found on its point-of-sale systems at 54 North American hotels. At the time, Starwood said the breach compromised payment card information for cards used at POS systems in gift shops, bars and restaurants but that it did not impact the guest reservation system or the Starwood Preferred Guest loyalty program.

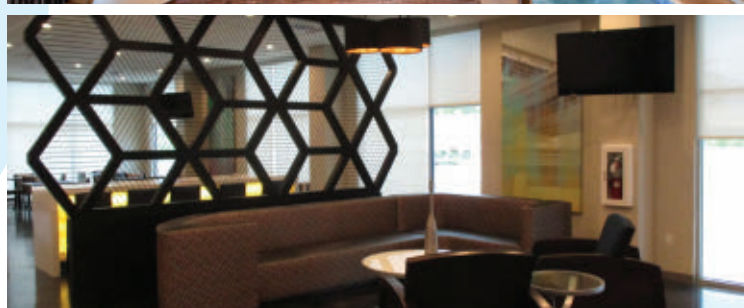
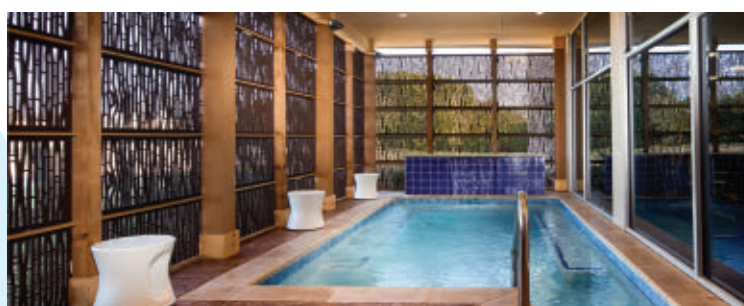
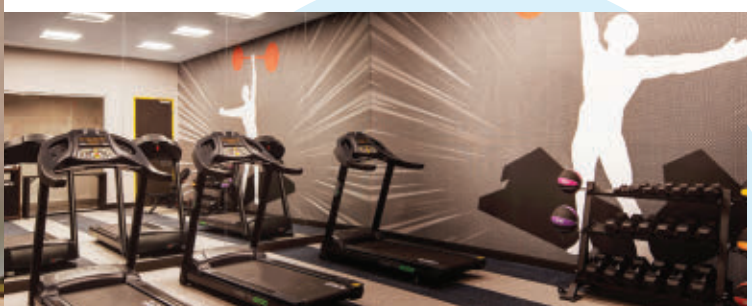
Whether the unauthorized access to Starwood’s reservation system that Marriott has just disclosed is linked to that same breach remains to be seen.

However, it’s worth noting that the 2015 disclosure said the breach of POS systems began in 2014, the same year this reservation breach is said to have begun.

If the two breaches are connected, it sets up a troubling scenario for Marriott’s competitors, as well. Following Starwood’s 2015 disclosure, Hyatt Hotels Corp., Hilton and InterContinental Hotels Group disclosed their own POS system breaches.

Matt Aldridge, a senior solutions architect at cybersecurity and threat intelligence firm Webroot, said corporate defenses are “often relatively similar” across an industry vertical. “Without question,” Aldridge told BTN, “all other enterprises in this space with any awareness will now be looking across their systems with a new perspective and a greater fear of what could be lurking undetected in their networks.”

Marriott closed its acquisition of Starwood in September 2016. Since then, it has been working to migrate Starwood’s business over to Marriott’s tech systems, a process that began with moving Starwood’s salesforce over to Marriott’s proprietary RFP system and most recently proceeded with the full merger of the SPG and Marriott Rewards programs onto a single platform on Aug. 18. ■



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BCD Travel Will Pilot NDC Connections with Lufthansa Group

BY ELIZABETH WEST

BCD Travel and Lufthansa Group—Austrian Airlines, Lufthansa, Swiss and Brussels Airlines—have initiated a multiyear agreement that will allow BCD to test the International Air Transport Association’s New Distribution Capability standard and to book Lufthansa Group content. NDC has gained significant momentum since last year; global distribution system providers recently have made their most dramatic moves toward the standard. BCD VP of global distribution and channel strategy Thane Jackson said NDC has reached a maturity threshold that warrants a concerted focus from the travel management company side to explore its potential for clients.

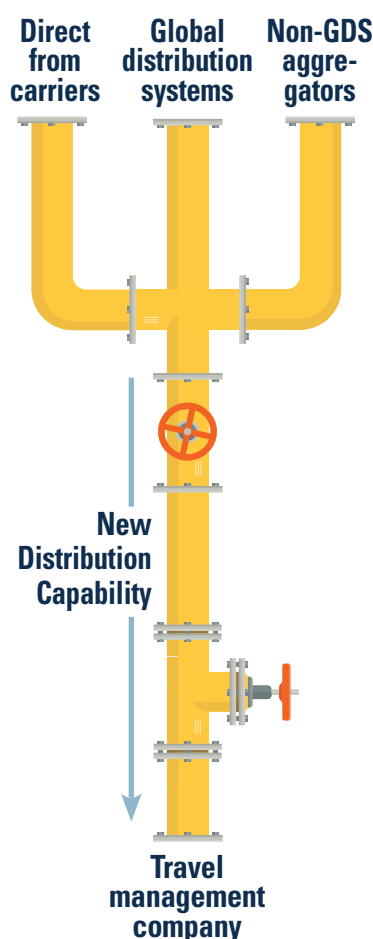
“We are looking to ensure we have the capability to provide the value that airlines are seeking to produce by enabling NDC,” he said, citing the promise of corporate customized bundles and potentially personalized offers to individuals. “We want to see what is actually coming down those pipes today, and as airlines fully articulate their strategies, we want to be in a position to consume that content and offer it [to our clients] in the future.”

The first step will be a pilot program within the offline agent environment with small and midsize companies, likely in Germany and potentially the U.K., that meet specific criteria like limited demand for online booking and that “are happy to accept limitations and costs that might exist,” said Jackson.

For example, it is unclear how easily and to what extent the TMC can access bookings to make changes or provide other services. There are questions around how well NDC content will facilitate interlining with other carriers for complex trips. Jackson also questioned how operations for after-hours assistance might be affected. “These things are not fully understood,” he said, and pilot participants will need to contend with them.

That said, the objective of the pilot is to push through some of those challenges and explore the maturity levels of a handful of providers and how well they can integrate with BCD’s current systems. “We don’t want additional workload or challenges for agents,” Jackson said, adding that the technology ultimately will have to support all the relevant data fields to ensure duty of care, reporting and servicing—“all the things we do today.”

Testing will commence in the first quarter of 2019 with two non-GDS aggregators, which Jackson declined to identify. The



International Air Transport Association has certified around a dozen non-GDS aggregators at the highest level in its NDC program, including AirGateway, Atriiis, TPCconnects and Travelfusion.

The first pilot will run for approximately three months to get a robust set of initial data. “We have yet to determine the exact path. We want to establish whether one [aggregator] is more efficient than another and which one is more developed in its consumption of the Farelogix API because that sits behind every connection anyway.” In the future, Jackson said, there likely will be additional pilots with GDS providers “because that’s where we are going to gain scale.”

Cost will be an issue, and not just for BCD. “We know there will be additional cost,” said Jackson. “If you are integrating additional technology that’s not part of the chain today, it doesn’t come free. Less efficient agent workflows will drive costs. Storing those bookings will drive costs.” And corporates that want to access these more customized and personalized content pipes will need to be ready to pay for them. “Booking process fees were introduced a year ago, along with our peers in the industry, and that will be reflected in our price to customers here, as well,” said Jackson.

BCD may work on NDC with other airlines. “At this point, we’re limiting this to the Lufthansa Group,” said BCD Travel EVP of global supplier relations and strategic sourcing Rose Stratford. “At the same time, we’ve signed private channel agreements with both Air France-KLM and British Airways/Iberia, and part of that is to explore NDC.

Asked what success will look like for the initial pilot, Jackson encapsulated the experimental nature of the effort. “I guess I’ll be able to answer that after first quarter 2019.”
—Additional reporting by Jay Boehmer

Getting at NDC Content

Travel management companies have a few options when it comes to accessing New Distribution Capability content from airlines: They could build their own application programming interface connections directly to carriers, work with non-GDS aggregators like Atriiis or Travelfusion or wait for major global distribution systems to enable NDC connectivity at scale. BCD Travel has chosen not to build or manage its own application programming interface connections and, instead, is turning to GDSs and non-GDS aggregators.

More than a decade ago, the TMC tried building with Farelogix and Pass Consulting a proprietary agent desktop that included multisource content aggregation. That endeavor, dubbed Project Renaissance, has since been shelved. “Going down the path of trying to chase every supplier will be too cumbersome and, quite frankly, not efficient for us,” BCD Travel EVP of global supplier relations and strategic sourcing Rose Stratford said. “We do believe that using a third-party aggregator or a GDS is going to be key. At the end of the day, we still think the GDSs will be more scalable.” She noted, though, that BCD is looking at several options. “We are piloting two different aggregators,” said Stratford. “The GDSs aren’t there right now. We want to look at all the different capabilities available through NDC and see which ones are the most efficient and effective.” Still, BCD stated the major GDSs “will continue to play a pivotal role in BCD’s booking strategy,” and Stratford said the TMC plans to test NDC connections with Amadeus, Sabre and Travelpart.

—Jay Boehmer



Hyatt Commission Reduction Comes as No Surprise to Meetings Professionals

A letter from Hyatt Hotels Corp.'s global head of sales and revenue Jack Horne, announcing the hotel company's decision to cut meetings commissions from 10 percent to 7 percent, landed more like a feather on the desks of meetings professionals in November, compared to the anvil Marriott International dropped in January. Hyatt's commission reduction will start with business booked in the U.S. on or after Feb. 1, 2019.

Since January, both Hilton and InterContinental Hotels Group have joined the 7 percent club, and for meetings pros contacted by BTN, it was just a matter of time before Hyatt joined the other big industry brands in making the change. "Hyatt's decision didn't come as a surprise," said corporate meetings professional Amy Perrone, who works in the pharmaceutical and healthcare industry. Meetings consultant Betsy Bondurant agreed. She was at a Meetings Professionals International Certified Meeting Professional Conclave when the news hit. "It was pretty much a nonissue," she said, characterizing an industry resigned to 7 percent as a new normal.

According to Hyatt VP of global sales Gus Vonderheide, the company was feeling the competitive pressure. A forecasted slowdown in the U.S. hotel market going into 2019 also may have driven Hyatt's decision. "As market conditions continue to shift, we are forced to look at our business holistically," Vonderheide said. "We have carefully

A THIRD-PARTY INDEPENDENT MEETINGS PROFESSIONAL WROTE IN:

"Small business owners, like myself, are taking a huge loss with the reduction of 3 percent of our standard 10 percent commission. I am seriously considering closing down my business after 27 years of being a sole proprietor. Very sad indeed. I love my groups, I love my industry but seriously cannot afford to make a decent living to keep my business afloat."

evaluated our commissions structure to ensure it meets the needs of our constituents and remains competitive in the market. We did not arrive at this decision easily."

GoldSpring Consulting SVP Kevin Iwamoto said the "millions and billions of dollars" reclaimed by hoteliers that have already cut commissions are "too compelling to pass up," but by reducing the money paid out to intermediaries, hotel companies also can better compete on rate. "The real question now is whether the chains will seek to improve their revenue margins further by imposing commission reductions either via [geographic] region or globally," he added. "I think we'll all find out the answer to that question in 2019."

Whether the current players in the 7 percent club take a global approach or not, Bondurant predicts they will add more members to their ranks. "Other hotel chains will continue to follow," she said. "A few chains will be hold-outs for a while and offer commissions as a differentiating factor. I think commissions will eventually become dynamic. If there's a need period, there is going to be some type of a rebate offered to entice business." ■

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A Big Year for Corporate Travel Venture Funding

BY JAY BOEHMER

A few years ago, startups going explicitly after the corporate travel market were few and far between. Now, the number of new entrants and tech providers entering is growing, and so is the sum of venture capital behind them. In November, TripActions reached unicorn status, a designation for a startup with a valuation over \$1 billion (see page 11). Helping to sprout its horn, the corporate travel management and technology company landed \$154 million in Series C funding. The large fundraising for TripActions caps off an active year in venture cash flowing into the once sleepy corporate travel domain. Corporate travel entrants Freebird, Roadmap, Rocketrip, TravelPerk and WhereTo, to name a few, also have announced venture funding rounds in 2018.

Venture capitalists and startups view the corporate travel market as hungry for innovation and, in some instances, ripe for disruption. TripActions, for instance, often characterizes legacy players as tired and corporate travel technology as antiquated.

Further, many see a huge market opportunity in business travel. Many startups and VCs will cite the Global Business Travel Association's BTI Outlook study that shows more than \$1.3 trillion in annual spending on worldwide business travel. Another boost for VC attention to corporate travel: Customer acquisition costs in consumer travel tech, which is dominated by huge online travel agency operators with massive paid search and advertising budgets, have made that segment harder for newbies to penetrate. "Nowadays, there's a lot of money coming into the corporate space because the B2C space has gotten so expensive to do anything in that market," Tripbarn founder Steve Reynolds said at BTN Group's Innovate conference in October. "If you want to compete against the Expeditas and Orbitz and Pricelines of the world, you'd better have \$100 million to lose \$50 million." Corporate travel entrants, meanwhile, can do more with less, he said. Tripbarn has found success as a hotel rate reshopping tool in corporate travel and is backed in part by travel-focused VC firm Thayer Ventures, which also has invested in Traxo and Groupize, a couple other corporate travel tech operators.

According to The State of Travel Startups 2018 report, published in October by Phocuswright, the dollar amount of funding flowing into the hundreds of travel startups it tracks has softened in recent years. Yet, Phocuswright, owned by BTN Group parent Northstar Travel Group, measured strong growth in the B2B segment: Total funding of B2B startups rose 63 percent year over year in 2017. B2C funding rose just 2 percent that year. "As competition intensifies among consumer brands and losses mount, funding to B2B startups has gained momentum," Phocuswright analysts wrote. In Phocuswright's categorization, B2B includes corporate travel tech startups, as well as those that provide services or technology to travel suppliers and intermediaries.

Beyond the expanding access to capital for corporate travel startups, the entire ecosystem that nurtures them has improved. When Matt Zito founded Travel Startups Incubator in 2014, "there were no niche incubators and accelerators for travel," he said at the Innovate conference. Between 2016 and 2018, he observed a flood of accelerators and incubators entering the market to help early-stage startups find their place in the business. Some have ties or a focus on corporate travel or are associated with major travel brands. "There's more capital and resources being invested in this space than ever before," Zito told corporate travel buyers at Innovate. "When you're getting inundated with new startups, a lot is ... because of this ecosystem."

'Cash Is Like Oxygen'

TripActions' funding announcement followed its Series B round of \$51 million in March and brings its total investment to date



It's All About Growth

Plenty of corporate travel tech startups raised money in 2018. Here are a few and where they say that money is going:

TripActions

\$51M in March
\$154M in November

"With this latest round of funding, we're laser-focused on accelerating our rapid growth globally."

—CO-FOUNDERS ARIEL COHEN & ILAN TWIG

TravelPerk

\$21M in April
\$44M in October

"We plan at some point to make a profit, but we are in a fast-growth environment. At the moment, what we and our investors have agreed on is that the next three years will be about market growth."

—CHIEF COMMERCIAL OFFICER JEAN-CHRISTOPHE TAUNAY-BUCALO

WhereTo

\$6M in May

"Right now, the venture capital market has tons of money to spend on technology, so as long as you can show growth, there's another round of bigger funding to support the next round of growth."

—FOUNDER RYAN WENGER

to \$232 million. TravelPerk, like TripActions, is challenging established travel management companies. It sees a race for market share playing out in the next few years. Both emphasized a priority on growth over profit (see *It's All About Growth at left*). Wen-Wen Lam, CEO and founder of corporate travel booking technology provider NexTravel, noted at BTN Group's The Beat Live conference in October: "Venture capitalists don't like profitability very much. We're profitable, and we grew like 4X last year. I went in and pitched someone, and they said, 'Why are you profitable and why didn't you grow 8X?'"

Ethan Bernstein, CEO and co-founder of Freebird, which announced \$8 million in Series A funding on Oct. 30, led by American Express Ventures, said the obsession with growth over profit perplexes some. "Do people understand why that is?" he asked at The Beat Live. "If you're hoping to serve a million people tomorrow, you've got to scale up your business in order to do that. You need to open an office. You need to hire a bunch of people and train them up, so when tomorrow, those million customers come in, you can serve them. From a venture capital mind-set, they're looking for large-scale home run opportunities. If you aren't constantly believing that a million new people are coming in tomorrow and you're setting up for that, that opportunity isn't as interesting to them."

Travel Startups Incubator's Zito said insufficient capital has undone many startups. Reynolds noted: "Cash is like oxygen to a small company. If you don't give them oxygen, they are going to die." He urged corporate travel programs to ensure any startup with which they partner has runway to support implementation. A big funding round can give the market assurance.

Devon Tivona—founder of Pana, which has raised \$3 million in seed funding for its service that assists companies with nonprofiled guest travelers—said all this cash flowing to travel startups leads to a misunderstanding. "There's this misperception that startups are just laying on this bed of money and spending like crazy and don't really care about the cost of goods in their business or the dynamics that go into running a profitable business," said Tivona. "Actually, we care intensely about that because at some point, we're going to need to be profitable and we're going to need to show a really great margin." ■

Happy Holidays

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Amex GBT & Lola Will Partner Exclusively for Five Years

BY AMANDA METCALF

Lola is going for it. Chief technology officer and founder Paul English hinted in July about a “partnership with a company that has thousands of agents,” and now we know: Lola and mega travel management company American Express Global Business Travel have signed a five-year exclusive contract. That means Lola will not work with another TMC and Amex GBT won’t work with a Lola competitor in the unmanaged/lightly managed travel space.

Who Lola’s competitors are, though, is unclear. Asked to name Lola’s competition, English cited Concur. “We’re not competing with them directly right now, but we’re very aware of them.” Though it’s not the reason Lola is partnering with GBT, Lola benefits indirectly from GBT’s large share of mutual clients with Concur. “One of the things, frankly, I really like about this partnership is: We’re learning a little bit more about Concur, and that’s been good because Concur does some things that we don’t do that we want to do at some point,” English said.

While Lola isn’t targeting larger customers now, it is learning from GBT, as well, what it takes to serve bigger clients, namely travel manager-friendly software—from controlling the traveler list to implementing rules-based policy, such as higher fare classes for executive travelers. English was referring to something a bit beyond the Lola Works dashboard that launched in March. “We’re designing a software right now that will allow us to do that at some point,” English said. He added: “Technology usually starts with consumers and small businesses and then makes its way into larger enterprises, and so we really see this as the beginning of a new wave of technology starting to permeate the entire industry.”

GBT VP of marketing and product strategy Evan Konwiser noted: “That’s a departure from how TMCs have traditionally approached technology, TMCs a lot of times have oriented their technology to the most complex need ... and then tried to distill it and simplify it for simpler-need clients. Ultimately, that can create a less superior solution.” Now, Amex GBT is “joining Lola on this mission of starting at [a] maniacally traveler-focused” solution and then collaborating to add features that could appeal to more clients.

What’s Really Happening Here?

Lola appears to be throwing in with corporate travel tech platforms that are challenging traditional booking tools and TMCs that have consumer-friendly technology. TripActions CEO Ariel Cohen has stated his company will beat out the mega TMCs. TravelPerk chief commercial officer Jean-Christophe Taunay-Bucalo told BTN Group’s *The Beat* he anticipates a “revolution” in the short term in which digital booking platforms take over for TMCs.

Tools that enable open booking could cut into the need for booking tools: Shep can apply light policy to internet travel shopping via a browser extension and pop-ups and can capture those bookings for travel management and reporting, and TMC AmTrav has reinvented itself as an end-to-end integrated travel management platform and has hooked up with Traxo to bring in off-channel bookings. AmTrav, though, like TripActions, still is a TMC,



and that means real, live travel agents.

Lola and GBT, too, seem to be embracing the best-of-both-worlds model with Lola’s end-to-end tech, GBT’s travel agents and GBT’s negotiated content. Lola offers light travel policy capabilities, based simply on prices and threshold. Lola has 20 agents who carry out Lola’s brand of proactive travel management. They’re based in Lola’s headquarters city of Boston. The partnership with GBT helps Lola, though, scale up its customer support—globally, even—without a massive internal investment. GBT’s thousands of agents will train on Lola’s system over time.

Additionally, Lola will offer the rates and amenities GBT negotiates with suppliers on behalf of its midmarket clients, which GBT calls its Preferred Extras. Those rates will be available within the Lola platform to those who buy the Lola/GBT product and to Lola’s other clients, the latter under undisclosed contract terms. “There’s revenue sharing in both directions,” said Lola CEO Mike Volpe. “[GBT is] very much vested in our overall success, not just our success” on the joint product.

Expense capability caps off the end-to-end effort. Lola “is looking very carefully at” launching its own expense tool, English said. That, however, is in the future. For now, it integrates with Expensify and has more third-party expense integrations coming. “We know expense is important,” he said. A proprietary expense system is another weapon in a potential faceoff with the likes of Concur. The move mirrors some new players that have come from the opposite direction: tech platforms that started in the expense world and are expanding into more full-fledged travel tech platforms—namely TravelBank and Certify. Bob Neveu, CEO of Certify, was among BTN’s 2017 Most Influential for challenging Concur, even if from a distance. In the one-stop-shop arena, AmTrav, too, has an internal expense tool, though it’s still fine-tuning the functionality and has not made a large-scale announcement.

Another big benefit for Lola: GBT’s large sales force can attack the small and midsize enterprise market, English noted. But there’s something else. “The other thing I like personally about this—I’m an engineer by training, but I’ve always been obsessed with brands—Amex is the best brand in business travel, for sure,” he said. Lola can learn from GBT how to adjust its brand slightly to be more business oriented, he said. Branding for the joint product remains to be determined, but the Lola name will be involved. “We want to be part of reinforcing the Lola brand,” said Konwiser. “We’re not putting a separate brand on it.”

Lola’s geographic plans are to market

What Does That Even Mean?

American Express Global Business Travel VP of marketing and product strategy Evan Konwiser has some thoughts about the terminology around managed travel. He said: This notion of what “managed” is needs to shift a little bit. “Managed,” “lightly managed,” “unmanaged”—what does that even mean? Does that mean there’s a specific channel? Does that mean there’s policies and procedures? Even a tiny company that’s unmanaged often has a T&E policy. It’s not a free-for-all. [My] notion is: almost defining a little bit what “managed” is or moving away from that verbiage altogether. ... Ultimately, a great traveler experience through a “managed” channel is superior to an open program. When did giving somebody a travel agent turn bad? It’s like “Oh, you have to use a travel agent.” Hello? For decades, having a travel agent was a luxury! “Oh look! Somebody to plan my travel!” ... “Managed” is not a dirty word. “Managed” is the ability to give your travelers the benefit of a travel agent.

first to companies headquartered in the U.S., which can include companies with crossborder travelers. English-speaking countries like Canada, Australia and the U.K. will be next, and a full global rollout will follow. Konwiser said GBT's efforts for the joint Lola/GBT product will be in the U.S.

Lola subscriptions start at \$99 per month and go up to \$900 per month, Volpe said, noting that clients appreciate a predictable cost for which they can budget. Konwiser said GBT will offer a deal for those who sign up by the end of the year and then will follow "a similar but slightly different pricing regime."

A venture capital-backed startup with a "really important partner," English said, would healthily derive about 25 percent of its business from that partner. As GBT's sales efforts scale up over the next 12 months, GBT likely will produce a higher percentage. "Over time, we need to grow our own direct business, and we're doing that," English said. Volpe added that the partnership indirectly will help Lola scale up its direct business, as well.

What GBT Gets Out of It

While the partnership will help Lola scale, GBT has found in Lola an entry point to lightly managed travel programs. Though not a typical TMC target, it's a segment GBT has been eyeing for years. There are "hundreds of

Whose Idea Was it?

Lola and American Express Global Business Travel first discussed a partnership at the 2016 Phocuswright conference. Neither was ready at the time, but GBT VP of marketing and product strategy Evan Konwiser and Lola SVP of business development Krista Pappas checked in with each other regularly over the next year. The other players already were familiar, as GBT president Philippe Chereque and Lola founder Paul English "go way back," according to Pappas. Konwiser also worked for a short stint at Kayak, another company English founded. A year ago, they all went to dinner at a steakhouse and decided to go for it. Now, Pappas oversees a team of three—and growing—dedicated to the GBT partnership. Konwiser said GBT and Lola spent the past year hashing out the terms that would truly benefit both a large company and a startup. The rest could become history.

thousands of them out there in the U.S. market alone and they're spending billions on travel, and we think that's really darn attractive," Konwiser said. "We are attracting a lot of clients that are looking at travel management that ultimately may not sign with us because, both by association and solution set, we are more designed around more complex and bespoke needs." The Lola partnership gives GBT a product to offer to such prospects.

Konwiser said this segment required a different approach than TMCs' usual offerings. "There is something unique about what happens when you can combine the complementary assets of an agile tech focus startup in this space with one of the larger travel agencies with a travel agency DNA." The solution, Konwiser said, "has to come from a more nimble, more agile, more flexible, more tech savvy, more maniacally focused team than we could ever put together." He proposed that Lola, too, needed something a little beyond its core strength: "Through this arrangement, I think there's a tacit acknowledgement from the Lola side that they had to approach this a little bit differently ... to really achieve the commercial greatness. ... The cocktail is a first-to-market from a solution standpoint, from an asset standpoint and certainly from a startup-plus-big company collaboration standpoint.

What's to Come After the Five-Year Contract Ends?

English and Volpe maintained that Lola will not be sold, as Volpe proclaimed, "We're going to go public and build a really big, successful company. This industry is gigantic." ■

A Few Answers on CWT's New AnswerIQ

BY ELIZABETH WEST

"We are giving people the same kind of search capability they have on Amazon but for their travel data," said Carlson Wagonlit Travel chief data scientist and VP Eric Tyree.

The product in question is AnswerIQ, the travel management company's latest response to the need for an intuitive business intelligence platform for travel managers. The company has included AnalytIQs as part of its suite of products since 2015. A few months ago, it rolled out Travel Consolidator as an add-on product to integrate corporate card and expense data, though AnalytIQs was already bringing these in as separate data feeds. Now, the critical element has been how CWT enables clients to search their data. "It sounds really trivial, but it's not," Tyree said. "We need to enable an intuitive search that delivers not just a list of possible answers like Google would do, but one answer, and it needs to be right."

To do that, the company has spent the last year not only working on additional cleansing and normalization processes for travel data but also mapping that data to different search terms and dialect variations. This way, when clients arrive at the AnswerIQ data

portal, which is very nearly a blank screen with a search bar, they don't struggle to come up with a limited set of pre-established key words or search combinations that will produce results.

Underlying the system is a search platform called ThoughtSpot that specializes in natural language. In addition to supporting the language mapping, it's also running machine learning algorithms that continuously pick up search terms across the user base. It builds a history of search terms for individual users, as well. Both of these "memory" systems help prompt searches as users enter queries into the search bar. "We tell new users to type, then breathe; type, then breathe," said Tyree, describing the moment or two the system may need to figure out what type of search the user wants and deliver the prompt. "It turns out, a lot of people want similar searches," he said.

To that end, the tool also offers a unique sharing function that allows users to share search parameters and results not only with other users across their own company but also with different groups of users across the entire CWT platform. "Travel managers aren't hypercompetitive with one

another; we find that they want to collaborate with user groups and share their information," said Tyree. In sharing a search to another platform user, the new user simply plugs in the search parameters and the result renders with the new user's data. All users can create and share their dashboards, as well, except AnswerIQ now calls them "pinboards" for a more consumer flair.

For now, AnswerIQ is built over only TMC data, but Tyree said the company is producing a version that will incorporate card and expense data, as well. "You can put anything you want in here, but it's the integration work and translation piece that is hard," he said, noting that travel data is by far the hardest, so incorporating the other two will be easier. Tyree said the company plans to put the AnswerIQ tool on top of Travel Consolidator in the coming months and that it will likely become the entry point for all CWT business intelligence. "We've fallen in love with this [technology] so much that we are pretty much planning to scrap all the other BI tools because this is so much better," he said.

The ultimate mission for AnswerIQ is to put analytics power in the travel manager's hands and increase productivity with artificial intelligence-assisted capabilities. It's been a tough nut to crack because, Tyree said, "travel data is head and shoulders, by far, the worst data I've ever seen," noting many CWT tech-industry clients that wanted to work on travel analytics on their own, only to come back to CWT empty-handed. "You really need travel experts to be involved, and we believe that is a differentiator for us," he said.

CWT aims for true natural language capabilities for AnswerIQ by the second quarter of 2019, and voice activation will come along with it. ■

GDSs' Action on NDC Has Lulled TMCs to Sleep

BY PEDRO CERON

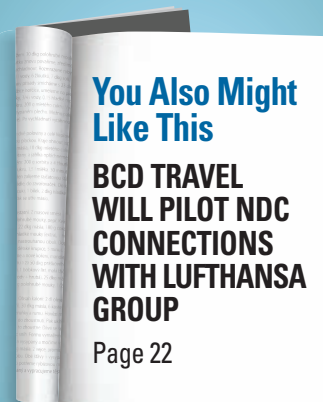
Earlier this year, talk of the International Air Transport Association's New Distribution Capability standard and its deployment in the U.S. was getting a lot of attention, but more questions than answers. While global distribution systems had announced steps toward adoption of the schema, showing they were "ready to be ready," a lack of clarity on what to expect created a silence of sorts. That silence motivated progressive travel management companies to take charge of the NDC "threat" by informing themselves of distribution transformations and figuring out solutions for themselves.

Then, quite unexpectedly, at the Global Business Travel Association conference this summer, press releases from GDSs proclaimed their wholehearted embrace of NDC, reinforcing their commitment by taking the lead role in transformation, along with some TMCs and airlines. Sabre, in particular, has gone all in with its planned acquisition of Farelogix (*see page 3*). In doing so, GDSs positioned themselves as the solution to TMCs' worries around the problematic new standard, bringing on a collective sigh of relief from TMCs. Everyone can go back to sleep. Problem solved. Or is it?



Pedro Ceron is managing partner of TravelCast Consulting

No one should be lulled to sleep by the notion that a *deus ex machina* salvation by any one entity is going to resolve the imminent challenge.



At the ATPCO Elevate 2018 and ARC Travel-Connect conferences in October, the looming changes in distribution more than came into focus. A clear picture of NDC impacts, without any fog, was laid bare for the industry to understand.

However, absent in all that clarity was exactly why there should be any collective sigh of relief for TMCs—and for that matter, relief for any company or process that relies on traditional aggregation and the static, rules-based order we have come to rely on after decades of refining the stable and predictable distribution ecosystem.

So, while the relative post-GBTA silence from TMCs has been deafening to us at TravelCast, activity toward NDC deployment has accelerated from all other sides. To illustrate, below is a sampling of distribution-related BTN headlines from the past few months:

- Skyscanner Joins NDC Exchange Platform
- Five Airlines Join NDC Exchange
- Routehappy Enables Airlines to Supply Their Own Content
- Delta Gets Level 3 NDC Certification
- Etihad Partners with Farelogix to Boost Ancillary Offerings
- IAG Increases Global Distribution System Surcharge
- NDC Exchange Processes First Transactions

The silence is quickly abating as more questions arise as a result of these developments. So, for a wake-up call, just refer back to BTN's November 2017 article GDSs, Surcharges, TMCs, NDC, APIs: What the Heck Is Going On in Europe? [Search at the top right at www.businesstravelnews.com.] There is an object lesson in what the article goes on to explain. That is, the sudden seizing and control of content, in a world without full content agreements, will shake the foundation of how business is done. If you think the same can't happen here, think again. Aggregators upon aggregators have surfaced and are redefining distribution while providing carriers with multiple options to propagate "storefronts." Without airlines going back to owning GDSs, disaggregation will continue apace. However, that does not mean disintermediation of agents.

What does this all mean? It means no one should be lulled to sleep by the notion that a *deus ex machina* salvation by any one entity is going to resolve the imminent challenge of reinventing how a TMC handles airline content. A TMC intending to continue growing and transforming its business should best take charge of how to manage NDC content and not let any one company decide how NDC will manage it. After all, moving from a one-size-fits-all, order-taking environment into a contextual, dynamic and targeted retailing environment demands change with every transaction, not every few decades. ■

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