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BUSINESS TRAVEL NEWS



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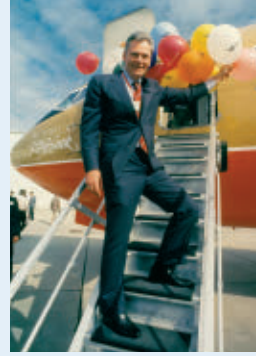


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BUSINESS TRAVEL NEWS



TRANSPORTATION

Southwest founder Herb Kelleher has died. Business & travel leaders pay tribute to his life & legacy.

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BUSINESS TRAVEL

HALL OF FAME

CLASS OF 2018

Gloria Bohan: Omega World Travel founder, president & CEO

Mick Lee: WINit for Women founder

Tom Pritzker: Hyatt Hotels Corp. executive chairman

Fred Swaffer: Former Hewlett-Packard travel manager

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TOP STORY

WHAT TO WATCH 2019

The Year Ahead

Industry experts and BTN editors anticipate the developments that will exert the biggest influence on the corporate travel industry this year. Last year's installment forecasted that "hotels will mess with group and meetings commissions." That prediction was spot on. Marriott International made the first moves, and more hotel brands followed in lockstep. Now, Marriott is negotiating the commission rate it pays to Expedia. Will other hotel companies fight for better terms, and will it spread to other OTAs? What are the implications for corporate travel? Check out those possibilities inside this issue, plus many more predictions for the year ahead: Service level agreements will morph in an era of massive security breaches. Individual control of personal data will drive trust and personalization into corporate travel. Data will finally begin driving event experiences. Artificial intelligence will affect the entire business trip cycle. Tech-forward challengers of traditional travel management companies will gain momentum. And watch Asia/Pacific. The region's travel volume and infrastructure plans will have outsized impact in 2019.

FULL STORY ON PAGE 6

2019 Business Travel Outlook

BY DAWIT HABTEMARIAM

Domestic business travel will grow faster in 2019 than it did the past three years, according to the U.S. Travel Association, and for December 2018 through May 2019, it will grow 3.2 percent year over year. Strong corporate profits and the near-term outlook for business investment point to 2019 starting strong. According to the National Federation of Independent Business Professionals and the Business Roundtable, economic optimism among both small and large companies is high.

USTA SVP of research David Huether doesn't see any of the economic bubbles that typically lead to recessions. He expects U.S. economic growth to slow a bit in 2019 but not significantly. "We're still seeing very healthy growth in corporate profits and disposable income, so I think I'm a little more sanguine on the domestic side. The fundamentals are in good shape."

In contrast, growth of international inbound travel to the U.S. will decelerate

year over year for December 2018 through May 2019. That's because international travelers will reduce their visits to the U.S. as the dollar will reach its highest value since 2002; global economic growth will weaken, which will reduce demand for international travel to the U.S.; and growth in international visitations from Brazil and Mexico will taper. Travel from China to the U.S. already has slowed drastically, he said. That's because Chinese outbound travel slowed in general last year, as the Chinese government warned its travelers about safety in the U.S. and trade between the two slows. Huether doubted trade tensions were to blame.

Growth in annual international inbound travel to the U.S. for December 2018 through May 2019 will decelerate to low-single digits. "It's going to be growing at a significantly slower pace than the 2010-to-2015 period, where you had overseas visitation growing sometimes in the 5 percent to 7 percent range," he said. ■

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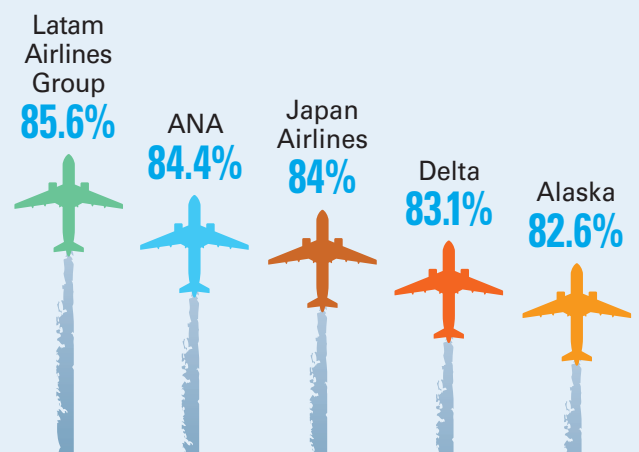


Adelman's Andy McGraw on integrations done solely via application programming interface

"We want to make sure that in every engagement we have with a customer, if data is flowing, that it flows through our system and into our reporting engine."

4 | Data Hub

Air Carriers' 2018 On-Time Percentages



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Adelman Pursues All-In, Mobile-First Platform

Since corporate travel industry veteran Andy McGraw joined Adelman as CEO in May 2017, the travel management company has positioned itself as a mobile-first “platform as a service” operator, underpinned by its mobile app, Adelman Virtual Assistant, and its upgraded workforce management and agent-facing technology. Adelman is hooking in more third-party service providers and assessing native, in-app booking. He spoke with distribution editor Jay Boehmer in November.

HOW ARE YOU WORKING WITH 30SECONDTOFLY?

We’re basically in testing phases right now. We just inked the deal not too long ago. ... Our plan is to utilize it within our mobile app, AVA. You probably recall that we originally had a deal with Mezi, and Mezi, of course, was acquired by Amex’s consumer card business. Our plan with Mezi at the time was [to offer clients] the chat functionality, which gets driven by a chatbot, and then if you need an agent, it gets taken over by an agent to complete that engagement. ... Our plan is to utilize the AI as the chat mechanism within our mobile application ... to make that engagement simple, easy and efficient. The other thing we’re testing is in-app booking. So if you just want to book air, hotel or car within the mobile app, you can do it [through 30SecondsToFly] and it’ll be white-labeled inside of AVA. We’ve tried to enable everything within the application. We just signed a deal with Uber for Business, and our intention is the same thing: How do we do that within the app?

ADELMAN INTRODUCED A PLATFORM-AS-A-SERVICE MODEL LAST YEAR. WHAT DOES THAT MEAN?

We made a giant investment a year-and-a-half ago, shortly after I joined, and implemented a Cisco enterprise platform. ... We really needed to bring our workforce management platform up to today’s standards, and we think we’re ahead of most travel companies, even some of the big ones. It enables us to do all those things you would expect to do with a workforce management platform, but it also becomes that platform where all things can be integrated. ... Equally, we decided that everything that we build is mobile first ... and then, if there’s a need to bring it to the desktop, then we’ll go from mobile to desktop.

WHAT TECHNOLOGY IS BEHIND AVA? DID YOU WORK WITH ONE OF THE TRAVEL-FOCUSED APP BUILDERS?

The app is proprietary. We got third-party engineering help in it but none of the typical travel app [builders]. Our first goal was to make it a very consumer-friendly application. And we’re trying to do everything in-app, because I think punch-outs are a failure. If you click on something and you go somewhere else, then why come back? ... The other thing that I get really frustrated with in the industry ... is massive referral agreements. When you send stuff outside of your environment, you literally have no control over quality or performance. ... Even the stuff that we do, we’re doing a lot of engineering around



Adelman’s Andy McGraw talks:

- A platform as a service
- Integrations solely via application programming interface
- Now to focus on the booking capability

“I think punch-outs [from an app] are a failure. If you click on something and you go somewhere else, then why come back?”

it to integrate it into the platform to the point where we can commit to quality and commit to performance.

WHAT OTHER SERVICES OR APIs DO YOU PLUG IN TO YOUR SYSTEMS?

Everything that we’re doing are API engagements. ... We’ve been hiring a bunch of engineers in the U.S., but we also have contract engineers and we’re also looking at nearshore engineers to expand that because we’re going to continue to do tons of API work. ... We want to make sure that in every engagement we have with a customer, if data is flowing, that it flows through our system and into our reporting engine. That requires API integration. So Uber is an example of API integration where it opens in-app and the data flows into our reporting platform. Pana will work in a different booking environment because they have their own booking tool, but we’re actually integrating the API so that data flows through. In fact, that one is really simple for us because we’ve been Pana’s fulfillment partner since their inception. We’ll be going to market in kind of a gray label with Pana as an official reseller of that product with API integration. Also, we’re in final stages with just the integration and testing of Airbnb and Concur. We’re in late stages of API integration with Expedia for hotel content. ... We also do some unique API integration with expense systems to pull expense data and do a true matchup of travel and expense data.

IS 30SECONDTOFLY GOING TO BE YOUR SOLUTION FOR NATIVE BOOKING IN YOUR MOBILE APP?

There’s a lot of players out there doing lots of stuff with booking. You have NexTravel, and we’re also their fulfillment partner. And then there’s others that are building them as we speak. We’re in conversations with two other technology partners that are building [booking solutions] today. One built the booking solution in 45 days, and the other one built it in 30. So we’re exploring potentially a joint venture where we actually build this stuff together and take it to market as a separate entity, as a division outside of our core business at Adelman.

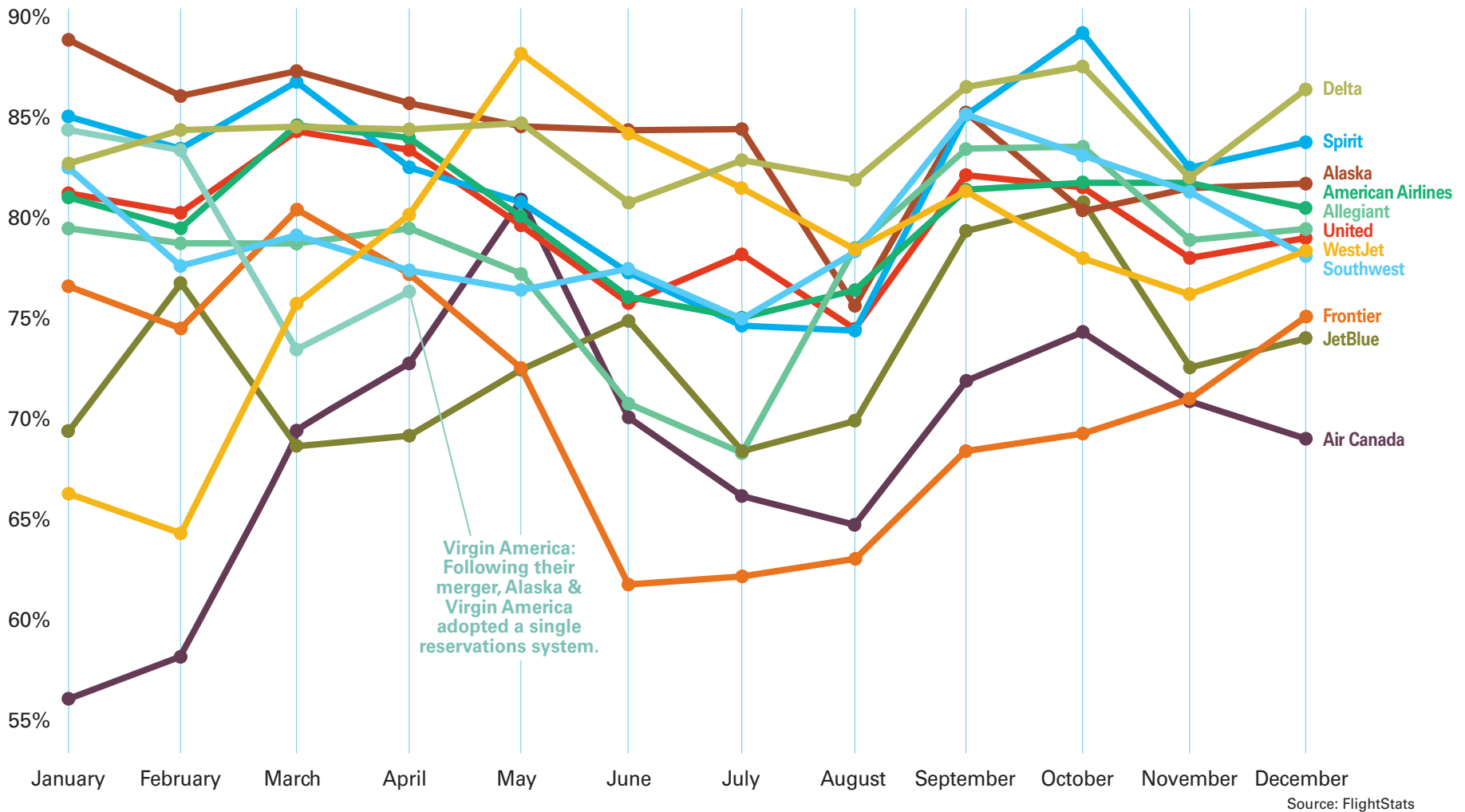
IN 2017, YOU SAID ADELMAN WAS TRYING TO GO AFTER THE SMALL, LIGHTLY MANAGED SEGMENT. HOW’S THAT’S GOING?

You haven’t seen anything from us on that for a while. The booking solution that we use is kind of a key part of that. We actually built everything [for that small business product], and we held it up from going to market because we weren’t really satisfied with our options in terms of the booking environment. We built all the other functionality: You can register, drop your payment in there; you can invite others to join. It has a wizard to build a travel policy by answering two or three quick questions, and then there’s the really simple kind of graphical, colorful management report that gets pushed out once a month to the owner of that small business or whoever the appropriate person is. All of that functionality is built. Probably early [in 2019], we’ll be ready to go back to market with that. And we’re looking at the [booking system] options because now that’s pretty much a plug-in with a little bit of API work to do. We’ve got several options of who we put in there. Even 30SecondsToFly potentially could be the one if we want to pivot to them. We’ve been looking at a couple other options for that. Everything’s built except for what we want the booking experience to look like and feel like. That’s the last piece. ■

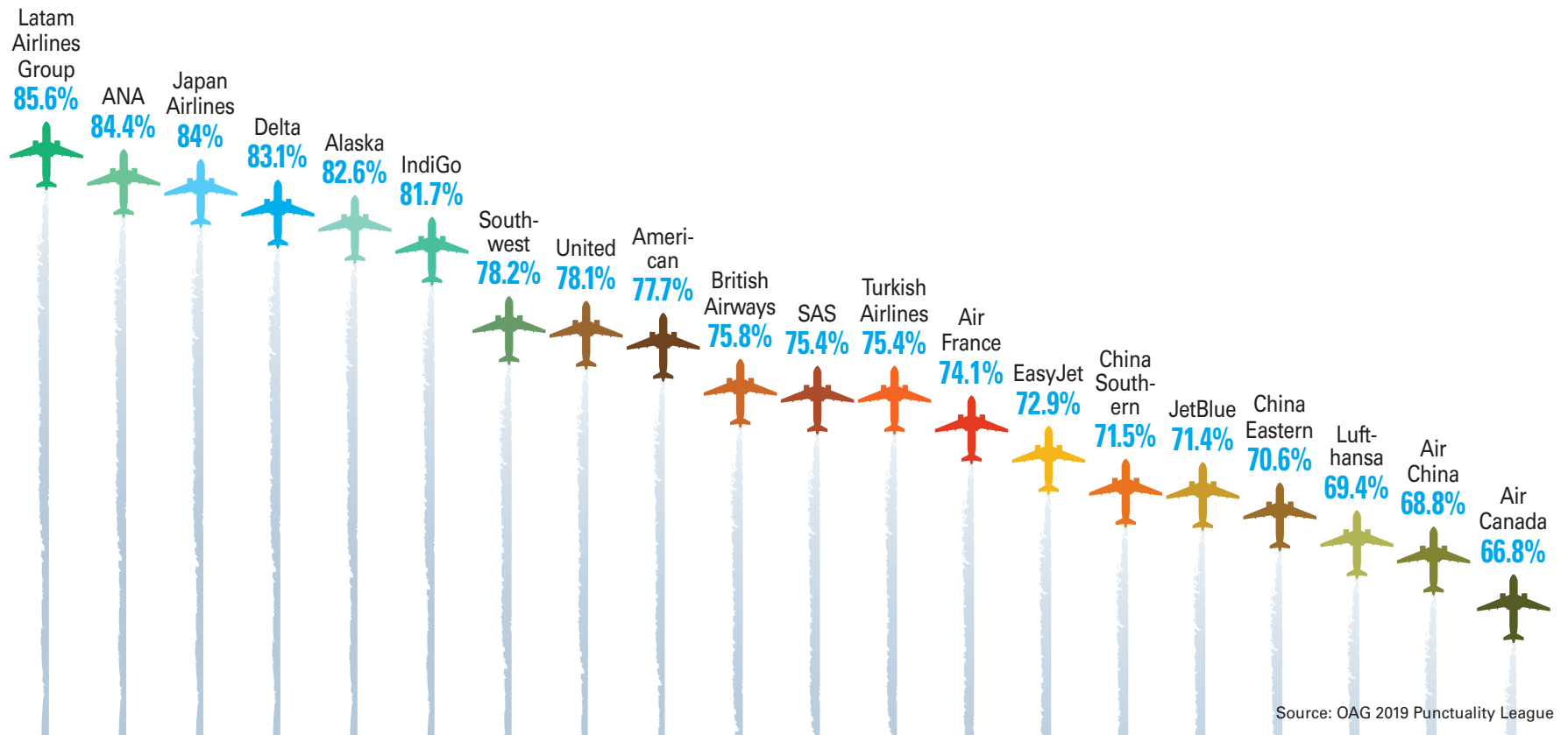


Air Carriers' On-Time Percentages for 2018

MAJOR NORTH AMERICAN CARRIERS, MONTH BY MONTH



WORLD'S 20 LARGEST AIRLINES—FULL YEAR 2018





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*From 6/1/19 - 8/31/19, JL067 arrives at Narita 10 minutes earlier and JL068 arrives at Seattle 10 minutes later.
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WHAT TO WATCH 2019

Snapshots of the trends & developments that BTN editors & experts in the field say will have the most impact on the industry in the coming year

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Looking forward to a **wonderful** year.

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Airline Alliances Will Morph

By BTN transportation editor Michael B. Baker

Global ties between major carriers are set to tighten this year as several joint business agreements near approval, and the global alliance structure could see its first major shakeup in quite some time.

American Airlines hopes its revived joint venture with Qantas will get approval from U.S. regulators within the first half of this year, perhaps even within the first quarter. The Department of Transportation rejected its previous attempt at securing approval in November 2016, but the carriers refiled last year.

American also refiled its DOT application related to Brazil, after the U.S. and Brazil signed their Open Skies agreement last year, so American also hopes to finalize approvals of its partnership with Latam in 2019.

That's not the only pending JV within the Americas. Delta and WestJet last year signed a definitive agreement, and the carriers together plan to grow their transborder service and add new markets. November analysis from the CAPA Centre for Aviation said the DOT likely will not reject that JV, "given Air Canada's heft in the U.S.-Canada transborder market." CAPA also said the Delta/WestJet partnership likely is prompting United and Air Canada—which have held antitrust immunity since 1997 but do not have a JV—to examine their own ties this year.



United already is working to get approval of a JV with Copa and Avianca, announced late last year, and Air Canada is building a JV with Air China, the first such agreement between a Chinese airline and a North American airline.

Existing alliances are getting tighter, as well. Delta, Virgin Atlantic and Air France-KLM are working to combine their various agreements into a single JV. In December, JetBlue, which is contemplating its own service to Europe, filed a motion urging the DOT to look carefully at the effect on transatlantic competition of an

agreement between Delta, Virgin Atlantic and Air France-KLM. Aer Lingus, meanwhile, in December filed with the DOT to join the transatlantic JV between American, British Airways and Finnair.

Among the global alliances, Oneworld seems the likeliest to see significant membership changes this year. China Southern, which has investments from Oneworld members American and Qatar Airways, has left SkyTeam, leading to speculation that it will join Oneworld. That likely would meet resistance from Oneworld's Cathay Pacific, and analysts have said it could push Cathay to Star Alliance. Qatar, meanwhile, has threatened to leave Oneworld amid its continuously sour relationship with American.

All of that, of course, remains speculation. Oneworld did, however, close out 2018 announcing its first new member in several years: Moroccan carrier Royal Air Maroc, which will be implemented into the alliance in 2020.

One other airline to watch in the partnership space this year: Southwest Airlines. The carrier is now more than a year beyond its adoption of the Amadeus reservations system, which enables codesharing partnerships and interline agreements that were not available on its previous system. As Southwest executives have said such partnerships would bring value to the company, it would not be surprising to hear the first of those announced this year.

Not What to Watch but Where: APAC

By Philip Haxne, American Express Global Business Travel regional director of EMEA & Asia/Pacific for the Global Business Consulting group



The scale and dynamism of Asia/Pacific economies make the region a vital component of many corporate travel programs. As China opens more connections with the world and India has become the fastest-growing G20 economy, 2019 looks to be an interesting year.

According to American Express Global Business Travel's Hotel Monitor 2019, APAC will represent nearly two-thirds of global economic growth in 2019. Even as India and China are set to grow at slower paces, travel in these countries is strong. Average room rates in India have grown 8 percent since 2008, and occupancy has reached 65 percent, the highest in a decade. China's powerful outbound travel segment is key to growth in other regions: Canada is openly courting Chinese travelers to Vancouver and To-

ronto, while China's downturn in economic growth has impacted hotel rate projections in Latin America.

APAC's travel segment has been bullish in meeting the demand. Partnerships between legacy and low-cost carriers are more common, as are joint ventures like Delta and Korean Airlines and entry by Asian airlines into more competitive countries and hubs. China has outlined a plan for its aircraft production to account for 20 percent of the global marketplace by 2025, and the country is building out its hotel infrastructure.

While its economy stands solid, APAC's role in the geopolitical arena is in flux. Its most powerful players have pushed for greater roles on the world stage and are exhibiting their business superpower. China's most transformative initiative is an open skies agreement with the U.S. that could be signed this year. As Chinese airports plan to offer more international destinations, an open skies deal with the U.S. could further shift the center of business to the East.

This possible agreement comes as trade tensions escalate between the U.S. and China, causing worldwide economic uncertainty and impacting growth expectations for the travel industry. Amex GBT's Air Monitor 2019 found that, even with its economic gains, the U.S. may experience softer growth in air travel as a result of these trade tensions. Fares between North America and APAC are expected to increase only as much as 3.9 percent, compared with higher increases for U.S. routes to Africa, Europe and Central America.

Opportunities & Challenges

APAC's efforts to shape the global economy present opportunities for travel managers to add value to their programs. They can identify savings opportunities by following APAC economic and infrastructural policies like China's proposed open skies and infrastructure investments that are broadening travel supply. Travel managers also can guide customers to a wider variety of travel experiences. For instance, regional hotel bookings are skewing toward the luxury market, and midscale properties in India are filling the need for premium-style accommodations. Travel managers can ensure their travelers not only are cost-effective but also have positive experiences that encourage more business travel and stimulate company growth.

As companies increase activity in APAC, travel managers must offer comprehensive support. There are cultural nuances, legal concerns and risk. For instance, the industry has grappled with China as a corporate events destination due to fraud, which has led travel managers to implement compliance solutions. What matters most for travel programs is ensuring compliance and duty of care, which requires more effort when dealing with a region as dynamic as APAC.

Data Management Service Level Agreements Should Become Ubiquitous

By Johnny Thorsen, Mezi VP of travel strategy & partnerships for American Express



If you are a corporate travel manager, then you probably start each day with a scan of the latest news on data privacy, or rather the lack of data privacy. We are due for a major breach in the corporate travel vertical, judging by the relentless bad data practices in other areas. The travel industry is vulnerable to data breaches, given that each booking must include enough personal data to identify the traveler for security and service delivery and that numerous legacy systems each require a copy of certain data.

Why does data quality not feature more prominently on the list of key performance indicators for the corporate travel manager? I hear talk about service level agreements specifying how many seconds a phone can ring before it should be answered, but I don't hear anyone talk about an SLA for data security and accuracy. Apparently, they are not important enough to be included, or are they not considered measurable?

As quality data becomes a critical raw material and enabler for smart new services, we must improve our ability to manage and protect data, both internally and externally, and that requires new ways of thinking about the problem. Look at profile data as an example:

Step 1: Establish a meaningful SLA definition that can be included in a corporate travel service contract. Create a clear and easily measurable definition of a profile record, and then specify where it can be stored digitally—meaning nowhere else—and establish daily, weekly or monthly reporting of the total number of profiles stored.

Step 2: Describe the technical and operational environment: cloud versus on-premises, database type, encryption method, other systems accessing the data and number of database administrators.

Step 3: This is where the challenges start. We need a way of reporting and validating the above elements, and this can only be done via self-reporting by

the supplier or via an expert appointed by the travel manager with the appropriate mandate to investigate the data environment inside the supplier setup.

Step 4: Establish the financial penalty associated with an SLA breach. It can be based on a combination of fixed fees—significant numbers please—for technical and operational breaches in general and a unit-based cost for each profile stored without authorization.

If you don't have any of the above in your travel services contract, you are exposing yourself to a major risk, but an SLA for data management can reduce the risk, whether the SLA is for profiles only or for other items like negotiated prices and policy compliance.

New Traveler Identification Will Pave the Way for Personalized Choices

By BCD Travel senior director of research & corporate innovation Miriam Moscovici



Greater deployment of emerging technologies in 2019 will make the business trip cycle easier to navigate—and increasingly populated with personalized choices. In other words, we're closer than ever to giving you what you really, really want when traveling on business.

Last year, the European Union's General Data Protection Regulation fundamentally altered how companies collect and use personal information on EU residents, giving travelers more control over their personal data. Because data privacy must be considered from the outset when new technologies are designed, we'll see the move to individual control applied more broadly and consistently, even by companies without presences in the EU.

Business travelers will continue demanding the same convenience and service from industry providers that they find in consumer services, and in 2019 they will get more of it. Consider the cloud-based music service Spotify. Users can search for the music they love, create playlists and follow other subscribers with similar tastes. The next time they log in from any device, they get recommendations based on their previous choices. Expect this to be replicated in the corporate travel industry.

Most users like the benefits they enjoy when a platform remembers their preferences. They're willing to allow suppliers to collect and store a defined amount of personal information in exchange for the convenience. But service providers' ability to offer and remember the personalized choices of travelers begins with trust that personal information will be secure and result in a direct benefit to its owner.

Traveler Identity Management

For a long time, profile management has stood as a logjam to a more personalized, simple and seamless experience for business travelers. Few of the systems and platforms used throughout the business trip cycle, even those provided by the same supplier, integrate seamlessly. Users have to log in separately to different platforms, and an interrupted data flow prevents systems from sharing information about traveler preferences. That's set to change with the next generation of traveler identity management.

A new system for managing traveler identity will result in smarter travel policies, negotiation of better deals, easy booking of ancillary services and the ability to influence traveler behaviors. We'll see enhanced security and reduced fraud. Travel managers will be able to track traveler interactions to create traveler scorecards. Travelers will be able to more easily manage communication preferences, controlling the type and amount of information they receive from their travel management companies.

They'll also get the kind of personalized choices that are possible when a system immediately recognizes the individual it's interacting with and remembers his or her preferences. BCD Travel's mobile platform, for example, will gather relevant data about travelers' brand preferences, booking behavior and travel patterns. That information will merge with their companies' travel policies and be used to influence positive choices and improve service. Agents will be able to access profile information and all trip-related communications, so travelers will receive seamless and personal support before, as and after they travel.

A Leading Indicator of What's to Come in 2019...

... is a list of the stories that drew the most industry eyeballs in 2018. Here are the most-read BTN stories of 2018, based on Google Analytics page views.

1 EY OVERHAULS HOTEL PROCUREMENT

For the 2018 hotel sourcing season, EY decided to do something radical: Throw out the annual RFP process and build something new to meet EY's unique needs. The program uses dynamic rates, market rate caps and Airbnb. The result? A hotel sourcing season, the bane of so many travel programs, that shrunk from six months to six weeks.

For 2019: Are other travel buyers considering similar measures?

2 MICROSOFT'S TRAVEL MANIFESTO

It's the second time in less than a decade that industry provocateurs have issued a manifesto. This time, the voices were led by Microsoft global director of travel, VenueSource and payment Eric Bailey, who engaged at least a dozen technology companies, supplier partners and like-minded travel buyers to join his team for a corporate travel innovation summit to map a vision of the corporate travel future.

For 2019: What elements will those collaborators move on?

3 MARRIOTT WILL REDUCE GROUP & MEETINGS COMMISSIONS

On Jan. 24, 2018, Marriott International announced it was cutting the commissions it pays to group intermediaries from 10 percent to 7 percent beginning March 31, 2018. Other hotel companies followed suit, causing meetings professionals to start resetting and rethinking their programs.

For 2019: Will new funding models emerge for meetings management programs?

4 BTN RELEASES LIST OF 2018 MOST INFLUENTIAL PEOPLE IN BUSINESS TRAVEL

BTN revealed the 25 Most Influential People in Business Travel in 2018 at the BTN Group's Business Travel Trends & Forecast conference on Dec. 3rd. Check out BTN's subsequent coverage of what each person did to make the list at www.businesstravelnews.com/influencers.

For 2019: What will the ripple effects be?

5 HOGG ROBINSON TO SELL HRG TO AMEX GBT & FREEDOM TO VISA

The number of mega travel management companies shrunk when American Express Global Business Travel and Hogg Robinson Group, two of the world's largest, agreed to merge.

For 2019: Watch for more TMC mergers and acquisitions this year. How will other other megas compete?

6 CWT CEO KURT EKERT'S STATE OF THE INDUSTRY

Carlson Wagonlit Travel president and CEO Kurt Ekert talked with BTN about the competitive landscape and the digital innovations his mega travel management company is working on for customers.

For 2019: Seven months on, what would Ekert say about the competitive landscape, both among mega TMCs and the spate of tech-forward startups chasing the big-time?

7 SHOULD YOU WORRY ABOUT REAL ID?

By Oct. 1, 2020, individual travelers must possess a Real ID to pass through TSA checkpoints at U.S. airports. Jan. 22, 2018, was the deadline the Department of Homeland Security gave for states to start issuing Real IDs. BTN constructed a list of the states and territories that were compliant with the deadline, had received extensions until Oct. 10, 2018, or were not compliant.

For 2019: In a follow-up BTN story in September, DHS director of identity and credentialing Steve Yonkers said travel managers need to educate business travelers now to make sure they don't, upon license renewal time, choose the less-expensive, non-Real ID options in those states that offer them.

8 WHAT WILL HAPPEN TO TRAVEL PRICES IN 2019?

BTN charted Carlson Wagonlit Travel's forecasts for changes in airfare, hotel rates and ground transportation prices across world regions and key U.S. cities, plus American Express Global Business Travel hotel rate forecasts around the world.

For 2019: Price predictions are made to be revised, so how will geopolitics and other factors push real-world prices?

9 GDPR BLOCKING & TACKLING

A deep dive article into what the European Union's General Data Protection Regulation—enforcement began May 25—means for travel managers and their programs.

For 2019: How will the regulations be refined as they're put into practice?

10 SAVINGS IS TRAVEL'S FALSE GOD

In this op-ed, tClara managing partner Scott Gillespie wrote, "Among the things travel buyers care about, savings is arguably the most essential, the most visible, the most measured." He also argued, however, that this narrow focus on savings guides travel managers down the wrong path.

For 2019: Will Gillespie pen an op-ed that will land his name on BTN's most-read list for a third year running?

Check out these stories at www.businesstravelnews.com/Most-Read

Travel Risk Will Increase as Workforce Demographics Diversify

By Dr. Robert Quigley, SVP & regional medical director for International SOS & MedAire

Companies send employees abroad now more than ever, but the evolving demographics of the average business traveler bring with them new health and security risks. Ipsos Mori recently released its annual Business Resilience Trends Watch, revealing that 43 percent of business decision makers expect travel risks to increase in 2019. This year's most vulnerable business travelers globally include:

- **LGBTQ:** Only 9 percent of travel policies cover LGBTQ considerations.
- **Those with disabilities and mental health issues:** Only 10 percent of travelers with disabilities are covered by travel policies, while only 11 percent of travelers with mental health issues are covered.
- **Women:** Just 26 percent of travel policies cover considerations for female travelers.

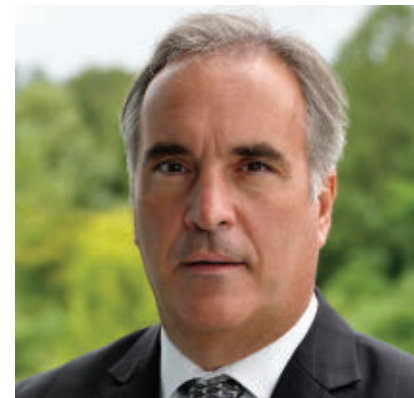
There is a major gap between what travel risk programs are equipped for and the needs of today's business travelers. That grim reality opens the doors to dangerous risks both for businesses and for their travelers.

To protect the modern workforce, companies should assume that their staffs are comprised of different subsets of risk profiles and ensure their policies are inclusive of all. They should offer travel risk e-learning modules that are updated and mandatory for all employees who travel for business every year. Beyond updating the standard travel policy, organizations need to offer modules that better cater to specific business travelers, including gender, age, preexisting medical conditions, sexual orientation and mental health status.

Facilitation of programs and educational processes that destigmatize certain employee profiles invites high employee confidence and better duty of care. For example, a corporate environment should destigmatize mental health by recognizing it as a potentially serious medical condition, as the company would a heart defect or a lung condition. By placing emphasis on mental health, the company can create an open conversation for employees to discuss the struggles they face when traveling for work. Through these channels, companies and employees can work together to create solutions that will best serve their travelers.

Additionally, to identify the most prevalent threats to the traveler and to the organization, companies should incorporate health metrics into annual reporting. This can be an excellent first step in analyzing how business travelers are handling the health and safety risks of business travel. Employee health indicators are becoming core to existing corporate social responsibility, sustainability and integrated reporting.

There is no one-size-fits-all answer to travel program implementation. It's important for companies to update their programs year after year to better fit their mobile workforces. If they do not update their education and preparatory travel programs for the modern workforce, they open themselves to violations of duty of care and they compromise business travelers' safety.





AI's Journey to Add a Personal Touch to Business Travel Will Take Root

By TravelBank co-founder & CEO Duke Chung

Buzzword or not, artificial intelligence will move beyond travel booking to all aspects of the travel experience from before booking to real-time itinerary changes to post-trip actions. But don't expect to see this truly personalized experience until 2025. No, 2019 isn't the year AI takes over the corporate travel industry, but it is the year AI lays the groundwork to bring a personal touch that will change the next 20 years of corporate travel.

Chatbots are going to get smarter, but don't count out travel agents just yet: Conversational AI, particularly in chatbots and predictive text, already is being used for customer service. Chatbots and self-service options, preferred by Millennials, provide deeper information and are faster during high-volume events when airline travel agents aren't available. However, don't add travel agents to the list of jobs AI will eliminate. Instead, AI will empower travel agents to deliver more efficient and personal experiences. When chatbots interact with customers first, travel agents then can focus on providing better customer service.

Machine learning and other types of AI will garner more attention: Right now, machine learning gathers and interprets data to draw conclusions about customers and make relevant recommendations. The technology is more meaningful when those systems have a lot of data and can collect even more information. Expense companies, for example, can capture approximately five times more data than travel-only software companies, according to internal TravelBank data analyzed in 2019, which is why we'll see more partnerships and consolidation in the space. Travel platforms that are constantly learning and understanding personal travel preferences and applying that to travelers' schedules are closer to automatic creation of full travel itineraries for business travelers. For example, if a travel management platform determines a user has SkyMiles status, it will present the traveler with recommended Delta flight results, including Comfort Plus and Delta One upgrade options.

Expense reports will become the new fax machines: AI's impact on expense reports will come in stages. In the next year or two, AI will determine which new expense entry is a flight, another form of transportation, lodging or miscellaneous. When an expense is identified as a flight, for example, pre-approved settings from the internal team can improve the reimbursement process significantly, cutting the time an employee waits for payment. In five to 10 years, expense reports will require almost zero human oversight from either user or approver. Machine learning can tap GPS data to auto-fill categories and gather receipt information, and with mobile wallets, expense reports will just happen.

This year is key to what corporate travel looks like in 10 years. And over the next 15 years, AI will be smart enough to book changes to preferred routes and hotels automatically based on profile and history; just recently, Google's AI labs trained a neural network to book a flight. When we look back at how we got there, 2019 will mark the turning point.



Travel Management Company Challengers Will Drive Traveler Centricity

By BTN payment & technology editor Adam Perrotta

When corporate travel booking and management provider TripActions earned "unicorn" status by reaching an investor valuation of \$1 billion in November, observers saw not only an affirmation of the company's potential but also a signal that the traditional corporate travel management company model was ripe for disruption. And while other startups may not be fitting themselves for a horn and wings just yet, TMC challengers will shake things up in the year ahead, spurring established providers to rethink their own value proposition.

Travel management's new breed includes TravelBank, Rydoo, TravelPerk, NexTravel, WTMC and a reinvented AmTrav. While specifics vary, these providers emphasize traveler-friendly experiences akin to the consumer side, offering features like artificial intelligence-enhanced online booking tools, robust mobile capabilities, chatbots, live customer support and rewards. Making the process simple and easy, the thinking goes, encourages business travelers to book in channel and leaves them happier overall with the entire travel experience.

This tech-first model is easier to pull off when serving the smaller, less complex programs these providers currently focus on, but that doesn't mean they're not eyeing bigger fish. TripActions has stressed its intentions to take on TMC heavyweights; CEO Ariel Cohen told BTN last year, "We want to take the market, so our competitors are Amex GBT, BCD, Carlson, Egencia."

Meanwhile, TravelPerk chief commercial officer Jean-Christophe Taunay-Bucalo anticipates an imminent "revolution" in which the new travel booking and management platforms take over for traditional TMCs. Startup accelerators like Plug and Play have latched onto the potential for corporate travel tech disruption, as well, naming browser extension-based booking tool Shep the top startup—among all travel tech, not just corporate—in its Winter 2018 competition. Shep CEO Daniel Senyard told BTN his company is pivoting from pre-travel management clients to enterprise prospects that want to capture out-of-channel bookings TMCs can't reach.

Established TMCs may not be quaking in their boots just yet—the top few players still dominate the market, especially for enterprise clients—but they've definitely taken note of the new kids on the block. In November, American Express Global Business Travel inked an exclusive partnership deal with corporate travel management startup Lola to develop what Amex GBT VP of marketing and product strategy Evan Konwiser called "a maniacally traveler-focused" solution. Early last year, BCD Travel launched SolutionSource, a third-party tech marketplace featuring traveler-facing booking and management tools like Freebird and Rocketrip. Meanwhile, CWT has a partnership with Plug and Play to identify and work with young companies, many that originally targeted the consumer sector, providing innovative travel booking and management services.

As TMC challengers gain ground and TMCs themselves adopt more traveler-centric principles, the corporate travel booking and management model is changing at a pace that only will quicken in 2019.

Who Bought Whom in 2018

ONE YEAR'S M&A IS THE NEXT YEAR'S CHANGE

The BTN Group wrote about 35 acquisitions in 2018, starting with Wyndham's \$1.95 billion acquisition of La Quinta. The following acquisitions either have closed or are pending.

AIR TRANSPORTATION

Ryanair acquired Laudamotion
United agreed to acquire ExpressJet (*deal pending at press time*)
VistaJet owner bought XOJet

DISTRIBUTION

ATPCO acquired Routehappy
Sabre agreed to acquire Farelogix (*deal pending at press time*)
Siris Capital Group & Evergreen Coast Capital agreed to acquire Travelport (*deal pending at press time*)

GROUND TRANSPORTATION

BusBank acquired Buster
EmpireCLS acquired Wilshire Chauffeured Services
Leros Point to Point acquired Royal Coachman Worldwide

INDUSTRY ASSOCIATION

GBTA acquired WINiT

LODGING

AccorHotels acquired: a 50 percent stake in Mantis • a 50 percent stake in SBE Entertainment • 21c Museum Hotels • Atton Hotels • Movenpick Hotels & Resorts • ResDiary

Hyatt Hotel Corp. acquired Two Roads Hospitality
Jin Jiang International Holdings consortium acquired a majority stake in Radisson Holdings
InterContinental Hotels Group bought a majority stake in Regent Hotels & Resorts
RLH Corp. bought Knights Inn
Wyndham acquired La Quinta

MEETINGS & EVENTS

Cvent acquired: Kapow • Social Tables

PAYMENT & EXPENSE

American Express acquired Mezi
Certify acquired Abacus
Certify acquired Captio
Serko acquired InterplX (*deal pending at press time*)
Visa acquired Fraedom

TRAVEL MANAGEMENT COMPANIES

Amex GBT acquired Hogg Robinson
BCD bought a majority stake in Colombia Affiliate
CTM acquired Lotus Travel Group
Flight Centre agreed to acquire Casto's U.S. operations (*deal pending at press time*)
Ovation Travel Group acquired Chartwell Travel
Reed & Mackay acquired Hillgate Travel
Travel and Transport assumed full ownership of Radius Travel

Compiled by Dawit Habtemariam. What have we missed?
Email Dawit at dhabtemariam@thebtngroup.com

Airline Rewards Will Grow Fruitless, While Hotel Fees Will Increase

Adapted from Executive Travel CEO Steve Glenn's 2019 travel industry projections

Glenn's predictions range from far-out to feasible, and it's worth noting that it's not always easy to tell the difference. Here's a sample of what he expects in 2019.

Air

The U.S. will tax tickets purchased with frequent-flier points at \$50 for domestic, \$100 for international coach and \$500 for international business class. Free tickets require so many frequent-flier miles anyway that travelers will switch from mileage cards to cash-back cards. And the fact that airlines award points based on fare rather than miles means frequent-flier programs won't be worthwhile for the 80 percent who don't fly enough to get status. Meanwhile, even typical elite status won't offer a decent chance at complimentary first class upgrades on the U.S.'s Big Three airlines; that will require Premier 1K or Global Services on United, Executive Platinum on American or Diamond on Delta. At Southwest, fares for passengers will continue to rise to compensate for their bags flying free.

Once travelers are in the air, though, Wi-Fi will become decent, as airlines started upgrading in 2018 to make the product worth paying for. American promised free texting over a year ago and thus likely will add free SMS this year, catching up to Delta, Southwest, Alaska and United.

Hotel

Expect \$25 per night "destination fees"—descendants of the \$25 to \$75 "resort fees" prevalent in Las Vegas and destination resorts—at many hotels in large cities. Also expect the window of advance notice required to avoid hotel cancellation fees to increase from 48 hours to 72. Business travelers will stay at more four-star hotels as the strong economy reduces employers' concentration on cost-cutting. Meanwhile, major hotel brands also will offer Airbnb-type offerings, filling a need for business travelers who might be interested but who work for companies that are concerned about security and quality.

At the hotel, expect more free Wi-Fi. Now it's mostly free for loyalty program members and at many three-star-and-lower properties. Marriott just might be among the first to make it free across the board in an effort to build a positive vibe among the guests staying at former Starwood/current Marriott properties. Relatedly, Alexa will appear in hotel rooms, replacing the TV remote, thermostat, clock and even light switch. Plastic hotel key cards will go the way of paper airline tickets, as smartphones allow for Bluetooth-enabled keyless entry. Bonus for hotels: This requires users to download the hotel company's app.

And Starwood Preferred Guest members who've folded into Marriott's loyalty program will start jumping ship this year as free nights become harder to earn thanks to watered-down points-earning capability on SPG credit cards.





Will Marriott's Online Travel Agency Commission Negotiations Affect Corporate Programs?

By BTN editor-in-chief Elizabeth West

This time last year, Marriott International hit the corporate market with some big news: It would slash meetings commissions from the conventional 10 percent to 7 percent. This year, a different type of commission structure is in Marriott's crosshairs as it renegotiates its contract with Expedia, which expired in November; they're operating on a contract extension until they reach a final deal. Marriott signaled in April that lowering online travel agency commissions was on its priority list. "We would certainly like to pay less. We will have to see how the negotiations go," CEO Arne Sorenson told Reuters.

Analysts generally agree that Marriott has been paying around 12 percent for Expedia bookings and that the hotel company would aim for 10 percent. OTAs represent about 12 percent of Marriott's sales, according to company executives, and lower commission rates won't come free. Expedia will require concessions that almost definitely will include access to more complete Marriott inventory and potentially would include preferred rates.

Observers disagree about whether lower Marriott commissions with Expedia will affect OTA-hotel relationships in general. Bjorn Hanson, adjunct professor at New York University School of Professional Studies' Jonathan M. Tisch Center of Hospitality, predicted commission structures will have to change and won't be limited to a single OTA. "Marriott can go to other companies and demand that they match what Expedia is doing for them." Other major hotel brands may not have as much leverage as Marriott but nonetheless will fight for lower commissions in a newly competitive environment. "Nothing stops other brands from saying [to Expedia], 'You said you would not negotiate these rates and you did; you've put us in a difficult position,'" Hanson said. Plus, Marriott's contract with Booking Holdings expires in 2019, so we will likely see more commissions talks on that front.

The Corporate Market

Lower commission rates translate simply to reduced take rates for Expedia, but why should the corporate market care? Perhaps the easiest link is the one to Egencia, Expedia's corporate travel business. A hit to Expedia's margins in a more nuanced commission environment could be felt by Egencia. Should OTAs in general achieve broader access to hotel inventory and preferred rates as a trade for lower commissions, however, the effect could be broader. Hanson added that hotels themselves could decide to reduce room rates through lower-commission channels, "depending on individual markets and high- or low-demand periods. The last is likely."

An influx of inventory types and/or preferred rates at OTAs could exacerbate hotel program leakage, with an uptick of travelers informing their travel managers (or, worse, not): "I found it cheaper online." Moreover, noted Hanson, companies that audit contracted hotel rates already have found that online rates for comparable rooms beat corporate rates as much as 20 percent of the time. Price assurance technologies like Tripbarn and Yapta have latched onto this reality and Hanson suggested a growing business opportunity, particularly in dynamic pricing environments where corporates agree to a percent off the best available rate. "Who will model this? Will corporates be entitled to recovery?" he asked.

Responding to the leakage issue already, a number of TMCs, hotel solutions providers and emerging tech companies have tapped the Expedia Affiliate Network, Priceline and Booking.com for inventory. While commercial agreements vary, at least some are based on a percentage of the OTA's commissions. Startups, in particular, rely on the revenue stream from hotel bookings. Should the OTA commissions landscape change, so will the take rate of those companies, giving them even less margin to survive. While that's a narrow impact, for sure, it's an important one for an industry trying to innovate more than ever.

None of this will be obvious. That's why the industry will need to watch carefully as the effects permeate the market in 2019. Or, maybe they won't. Plenty of analysts predict changes to the Marriott-Expedia contract will be self-contained. Even if the latter are correct, these commissions negotiations are just one flex of Marriott's outsized muscle in the marketplace. We should watch for more.



2019 Will Be the Year of Data-Powered Events

By Hubb founder & CEO Allie Magyar

We've only dipped our toes into using data to create richer experiences and stronger connections at events, but that's all about to change.

Bluetooth Low Energy adoption will explode: The wireless technology allows planners to see where people are and thus deliver accurate recommendations, encourage interactions and make participants' time more efficient. BLE could suggest that a participant attend a nearby relevant session, rather than hike across the convention center for something else. At a conference with 20,000 or more people, determine who to network with and when is challenging, but BLE allows participants to connect with relevant individuals nearby at any moment. It also lets organizers see how much time participants spent in each conference area and suggests new exhibit areas that participants otherwise might miss. In 2019, BLE adoption will extend beyond high-tech events and become a mainstream event technology, increasing data intake and the data's potential for providing intelligence.

Customized tools will improve events: I often find the preparation for an event—determining what to see and who to meet—tedious and daunting. Thus, Microsoft Envision's scheduling platform impressed me. It allowed me to create a personal profile, and it used artificial intelligence to recommend sessions, exhibitors and people I might wish to see. It took the guesswork and legwork out of optimizing my time and money. This creates a fantastic experience for conference-goers and improves repeat event attendance.

Integration will increase across tech providers: Most companies' event data is scattered in different places. Some lives in the registration tool, some comes from onsite technologies like session scanning and some lives in survey apps and other tools. Organizers need this data in one place to realize its full power and value. This year, more event platforms and tech providers will pull this data together through deeper integrations and real-time event intelligence. Hubb's application programming interface, for example, allows clients to pull in data from different sources. We partner with companies like DoubleDutch and TripBuilder Media to create data flows between our content platform and their mobile apps to provide event managers with up-to-date information that powers seamless and efficient events, regardless of the tools or providers on the back end.

We're exploring a frontier with event technology in applying intelligent data to meetings and events.

CONGRATULATIONS TO THE BTN GROUP BUSINESS TRAVEL HALL OF FAME CLASS OF 2018

Gloria Bohan

Omega World Travel founder,
president & CEO

Travel agents “who know the industry and are on top of it are also extremely important in making the technology relevant.”

Gloria Bohan founded Omega World Travel in 1972, and it has become the largest woman-owned travel agency, according to Omega. She has achieved international recognition in all aspects of travel, including business, leisure, meetings, government, cruises and technology. Omega is highly diversified, including online technology services company TravTech, Cruise.Com and Omega M.I.C.E., which provides meetings, incentives, conference planning and events services. The American Society of Travel Advisors, of which Bohan has been a member since 1975, has honored her with Travel Agent of the Year and Lifetime Achievement awards. She also has been inducted into the Washington Business and Enterprising Women halls of fame; has been one of Tour and Travel News’ 25 Most Influential Leaders in the Travel Industry, one of Washingtonian magazine’s Most Powerful Women in Washington and Office Depot’s Business Woman of the Year; and received the Women’s Business Center’s Entrepreneurial Visionary Award, as well as a Lifetime Achievement Award and a Doctor of Law degree from Marymount Manhattan College. She and her husband created The Dan and Gloria Bohan Foundation, which fosters entrepreneurship.

Mick Lee

WINiT for Women founder

“Supporting gender equality is not just a nice-to-have. There is a true return on investment for doing so—and a true business justification.”

Mick has over 25 years of progressive international management experience with a primary focus on chief of staff, communications, procurement, expense management and operational excellence roles in travel, meetings, events and corporate services. From 1994 to 2015, Mick held managing director roles at Citibank, Credit Suisse, CIBC Oppenheimer and Liz Claiborne Inc. and managed a year-long project as SVP of Freeman in Dallas, leading travel, events, corporate aircraft, media services and shared services organizations. In January 2014, Mick founded WINiT for Women, a nonprofit organization of women and men focused on career development, visibility and promotion of women in the travel, meetings, events and exhibitions industries. In August 2018, she sold the brand to the Global Business Travel Association in order to globalize the organization and strengthen programming for women. Since 2014, she has led initiatives under Arrow212, a project execution practice focused on executive coaching, talent and operational excellence to help travel and meetings colleagues optimize their programs.

Tom Pritzker

Hyatt Hotels Corp.
executive chairman

“Honored to honor my friend Tom Pritzker for his impact on our industry tonight. A smart business person, a good business person.”

—DECEMBER TWEET FROM HYATT HOTELS CORP.
PRESIDENT & CEO MARK HOPLAMAZIAN

Tom Pritzker’s father and uncle, Jay and Don Pritzker, founded Hyatt Hotels Corp. in 1957 and built it into an international chain of hotels. In 1980, at the age of 29, Tom began shaping the company. Chicago-born and raised, he earned MBA and J.D. degrees from The University of Chicago. Hyatt Hotels Corp. has been publicly traded on the New York Stock Exchange since Tom and CEO Mark Hoplamazian took the company public in 2009. Tom also is chairman and CEO of The Pritzker Organization, the family’s historical merchant bank, and sits on the board of Royal Caribbean Cruises. He has been involved in acquiring and building companies across industries and founded container leasing company Triton, biotech investment firm Bay City Capital, Reliant Pharmaceuticals and First Health. The Americas Lodging Investment Summit gave Tom a Lifetime Achievement Award. Outside the business world, Tom chairs the Center for Strategic & International Studies think tank and is a member of the Aspen Strategy Group. He also chairs the Hyatt Foundation, which sponsors The Pritzker Architecture Prize, and is a trustee at each The University of Chicago and the Art Institute of Chicago. Tom is a fellow of the American Academy of Arts & Sciences and an honorary professor of history at Sichuan University in China. He also received an honorary doctorate from Tsinghua University in China and for the past 30 years has led archaeological expeditions and published original research on Western Himalayan history.



Fred Swaffer

Former
Hewlett-Packard
travel manager

Fred Swaffer, who passed away three years ago at age 80, made his mark as a corporate travel buyer in the mid-1990s when the former math teacher helped raise the level of corporate travel buyer professionalism and created one of that time’s leading laboratories of travel management. He was one of the first to negotiate an airline contract net of overrides, commissions and credit card fees—and to let his colleagues know about it. Under Fred’s leadership, Hewlett-Packard rolled out a decentralized meeting planning assistance program, part of an effort designed to save HP \$100 million in air, and he completed an agency consolidation in Europe and advanced the company’s efforts to consolidate worldwide travel data. BTN named him the 1995 Travel Manager of the Year. An articulate, popular and frequent speaker at business travel conferences, Swaffer foresaw the move to fees and controlling internal data long before commissions were capped and eventually eliminated. Fred earned a master’s degree in theoretical mathematics from Notre Dame, and he taught high school math for many years before moving into the travel arena.

Watch video interviews with
Gloria Bohan & Mick Lee at
[www.businesstravelnews.com/
halloffame2018](http://www.businesstravelnews.com/halloffame2018)



Inducted into the Business Travel Hall of Fame on Dec. 3, 2018, from left to right: Omega World Travel founder, president and CEO Gloria Bohan; Hyatt Hotels Corp. executive chairman Tom Pritzker; and Arrow212 managing partner Mick Lee, the founder of WINiT for Women.

BUSINESS TRAVEL HALL OF FAME SCHOLARSHIP RECIPIENTS



Left to right: Zihan Wang, who will graduate from the New York University Jonathan M. Tisch Center of Hospitality in 2020 with a B.S. in hotel tourism and management; Dave Hilfman, former SVP of worldwide sales for United Airlines, who retired at the turn of the year; Tisch Center associate dean Nicholas Graf; Lydie Colleoc, VP of American Express Global Commercial Services' Global Client Group; Aryn Lee, who will graduate from the Tisch Center this year with an M.S. in tourism management; and Tisch Center academic director Lynn Minnaert. Hilfman presented the United Airlines Scholarship to Wang, and Colleoc awarded the American Express Global Commercial Services scholarship to Lee.

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BA Tries Out Long-Haul Fare Differentiation

Last month, British Airways began testing new inventory buckets in business and economy classes on Boston and Dubai routes, some of which only are available for purchase through the airline's direct channels or New Distribution Capability-compatible connections. Following tests, BA may expand the program.

BA opted out of full content deals and introduced a global distribution system surcharge in 2017. In March 2018, it introduced short-haul additional price points, or SHAPP fares, through direct and NDC-capable channels. Those increased the number of price points for short-haul economy fares within Europe, some of which have been unavailable through traditional GDS connectivity.

BA has not set an end date for its trial, which applies to U.S., U.K. and United Arab Emirates points of sale on direct flights between Boston and Dubai that are marketed and operated by BA. Expansion to other long-haul routes is possible. The tests expand the number of inventory buckets for Club World business class from five to nine "for those booking through BA's direct channels or an NDC-enabled connection." For Club World bookers relying on traditional GDS connections, "the five current inventory buckets remain available for booking through all channels," BA stated in an agency memo. For BA's World Traveller long-haul economy offering, BA's test increases the inventory buckets from 11 to 25

for direct and NDC connections, and "nine of these inventory buckets remain available for booking through all channels," including GDSs, BA stated.

Stoking concerns about content fragmentation in corporate travel, BA is not alone in differentiating content available through direct and NDC channels. Lufthansa Group removed some fare types from GDSs in Germany in the fall. This year, it will expand Continuous Pricing, which adds price points as BA is doing. ■

Fare Differentiation Means More Price Points to Play With

When British Airways rolled out its short-haul additional price points in 2017, chief commercial officer Adam Daniels explained that fare classes traditionally are labeled by letters of the alphabet and that this limits the number of price points a carrier can make available in global distribution systems. If the carrier distributes fares directly to travel programs or via New Distribution Capability, it can offer more nuanced packages.

BA's Lowest Starting Short-Haul Fares at Heathrow



Now BA is testing similar fare differentiation on long-haul flights.

CWT Taps Travelfusion to Access Lufthansa Fares

BY AMON COHEN

Carlson Wagonlit Travel is piloting use of aggregator Travelfusion to give reservations consultants access to Lufthansa Group's lowest fares. But the mega travel management company is less than ecstatic about it. CWT is plumbing in an alternative distribution pipe after Lufthansa in October stopped offering Light economy and Business Saver business class fares through global distribution systems in several European countries, including Lufthansa's home market, Germany. CWT aims to have extended the Travelfusion connection to all customers "in the first quarter," said senior director for third-party aggregators Dale Eastlund.

CWT has sourced low-cost carrier content from Travelfusion for years, but this is the first time the TMC has used it for any full-service carrier fares. The Travelfusion-routed Lufthansa fares will be available only for offline reservations because "the online booking tools' tech stacks aren't enabling them to handle this in a scalable fashion," said CWT SVP of global network and technology partners Vince Chirico. The fares will attract CWT's fee for non-GDS bookings, under the justification that more work is required to handle such reservations.

Lufthansa's withdrawal also leaves corporate clients wondering how to respond. Areka Consulting managing partner for the Americas Louise Miller said buyers who allow travelers to book these lowest-fare buckets "are willing to pay a TMC surcharge because they don't want the data to be lost [if travelers were to book via direct channels instead]." Another option for corporate clients is to build connections from Lufthansa through their booking tools. Until recently, only three large German corporations had taken this path with Lufthansa, but post-withdrawal, more are on their way, according to Miller. "About 10 are either in final negotiations or just starting," she said. ■

Delta Pulls Content off TripActions

BY MICHAEL B. BAKER

During the second week of January, Delta pulled its content off the TripActions platform, saying the platform was not meeting the carrier's display requirements. Statements by Delta and TripActions confirmed the reasoning behind the action, though neither elaborated on Delta's display requirements.

InVision travel manager Jennie Robertson, a TripActions customer, said TripActions put out a plug-in that pushed users to Delta's website and filled in search and profile information so travelers could continue their searches and arrange payment there. The following week, however, Delta insisted TripActions shut that down, as well. TripActions clients must now work with a TripActions agent to book Delta. That puts the travel management company in a particularly hard spot, considering its identity is based on artificial intelligence-based mobile booking.

Robertson was puzzled as to what the issue was, wondering whether it has to do with how TripActions displays differentiated fares like Basic Economy or with TripActions' incentive program to encourage cost-effective bookings. "What does Delta think that TripActions is or isn't doing that is any different from Concur or Egencia?" she said. "TripActions already has the leading user interface in the marketplace and is already further down the path of showing more inventory and offering ancillaries than others."

TripActions isn't the only booking provider without Delta content. The carrier has taken a harder line in recent years regarding participation in third-party channels. Newer players like Hipmunk, Hopper and business traveler-focused Upside have been rebuffed by Delta as have some larger consumer sites like TripAdvisor. ■



Southwest Founder Herb Kelleher Dies

Southwest Airlines founder and chairman emeritus Herb Kelleher died Jan. 3 at the age of 87. Kelleher, a lawyer who left his firm with the idea to start an airline, pioneered the low-cost carrier model when he launched Southwest in 1971. He served as executive chairman from March 1978 to May 2008 and as president and CEO from September 1981 through June 2001. BTN inducted Kelleher into the Business Travel Hall of Fame in 2012. Some reaction from the industry:



“HERB KELLEHER SKETCHED OUT PLANS FOR A NEW TEXAS AIRLINE WITH HIS BUSINESS PARTNERS ON A COCKTAIL NAPKIN IN 1971. SINCE THEN, SOUTHWEST AIRLINES HAS GROWN TO BE ONE OF THE BIGGEST COMPANIES IN THE NATION, EMPLOYING THOUSANDS OF MEN AND WOMEN ACROSS THE LONE STAR STATE.”
— SENATOR TED CRUZ

“One of the greatest joys of my life has been working alongside Herb for more than 30 years. His stamp on the airline industry cannot be overstated. His vision for making air travel affordable for all revolutionized the industry, and you can still see that transformation taking place today.”
— SOUTHWEST CEO GARY KELLY

“Herb was the Grand Master Yoda of the low-fare airlines. He was the leader, the visionary and the teacher. Without Herb, there would be no Ryanair—and no low-fare airlines anywhere. His passing is a sad day for low-fare airlines and sales of Wild Turkey bourbon. Herb may have passed on, but his spirit, his legacy and his revolution of the old, stuffy, high-fare airline model will live on forever.”

— RYANAIR CEO MICHAEL O’LEARY

“Joyous Herb Kelleher, starting from guts and vision, launched the nation’s best airline. Workers, passengers and shareholders of Southwest Airlines, all together, were the winners.”

—ACTIVIST & CONSUMER ADVOCATE RALPH NADER

“Herb was one of a kind, a man who brought so much life and joy to his work and in doing so left an unforgettable mark on his employees, customers and all of us. His leadership transformed our industry the world over. Herb believed that a company is stronger if it is bound by love rather than by fear, and we continue to look up to that ideal and to the example he set.”

— UNITED AIRLINES CEO OSCAR MUNOZ

“Herb was a special human. One of the best writers I have ever had the pleasure to correspond with. One of the funniest humans on the planet. One of the most intelligent and intuitive. All of us who were lucky enough to be deemed worthy cherished the times we were able to spend with him. We knew it was an honor to be given the opportunity to do so. For me, he was a mentor, a supporter, a friend. I am going to miss him terribly.”

— PLANEBUSINESS BANTER FOUNDER & PUBLISHER HOLLY HEGEMAN

“HERB KELLEHER IS ARGUABLY THE MOST TRANSFORMATIVE FIGURE AND CHARACTER IN THE HISTORY OF MODERN AVIATION. HE IS THE EPITOME OF THE CAN-DO ENTREPRENEURIAL SPIRIT.”

— BUSINESS MAGNATE T. BOONE PICKENS

“Herb’s vision brought the freedom of travel to hundreds of millions, and his appetite for taking on any real or perceived battle was unmatched. His style presents the ultimate case study for airlines or any service company, whereby if you take care of your people, they will take care of your customers, which will take care of your shareholders. That simple yet profound way of leading continues to inspire us, and we aspire to honor Herb’s example.”

— AMERICAN AIRLINES CHAIRMAN & CEO DOUG PARKER

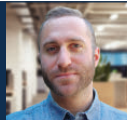
Southwest Adds Capabilities to Swabiz

Southwest Airlines has added capabilities to its Swabiz corporate booking portal, including international flights, hotels and travel fund reporting. The hotel booking capability is a returning feature, senior director of sales strategy and B2B channels Rob Brown said. Southwest previously had hotel bookings through a partnership with Orbitz, but that partnership ended shortly after Orbitz was acquired by Expedia. The new hotel bookings come through a partnership with Booking.com, which already provided hotel booking capabilities through Southwest’s leisure channels, Brown said.

The new features also enable travel buyers to run reports on what travel funds are available, data that “wasn’t the easiest to track and manage” previously in Swabiz, VP of corporate sales Dave Harvey said.

In addition, Southwest has been enhancing all its channels to make it easy for travelers to make changes or add ancillaries, such as early boarding, to bookings made through Swabiz, Harvey said. They now can do that through Southwest’s website, mobile website and mobile app; previously they had to go back through Swabiz to make those changes, he said.

More changes are coming. This month, Southwest will make it easier to track travelers who book through Swabiz, Harvey said. Other changes will focus on the user interface and usability. “We’ve really been on a mission in the last year-and-a-half to listen to customers and their biggest pain points and opportunities” about Swabiz, he said. “We launched it 18 years ago, and it hasn’t had a ton of investment, so we’re looking at better ways to move about the portal.” ■



TripActions' Expense Moves

TripActions' strategic partnership pact with payment and expense provider Divvy, announced in December, brought together a pair of a high-profile and rapidly growing startups. But for TripActions, the alliance also could pave the way for the travel management company entrant to offer an end-to-end payment and expense solution as it sets its sights on larger corporate clients.

Divvy automates expense reports, tracks budgets in real time, aligns with accounting software providers like Quickbooks and supplies prebudgeted payment cards, both virtual and plastic. TripActions CEO Ariel Cohen said the partnership will “help companies spend smarter while saving money and time through simplifying business travel and expense-associated work trips.”

Beyond that, both firms have remained tight-lipped about next steps, but the plan likely centers on TripActions adding Divvy's payment and expense management tools to its existing booking platform to provide greater visibility into travel spending for larger corporations and enterprise clients, observers predicted.

While TripActions has racked up plenty of attention—and investor dollars—over the past year-plus, the company previously did not include a payment or expense capability. Enter Divvy. The two-year old startup offers physical and digital payment cards that managers can preapprove for specific uses, such as air travel, hotels or meals.

Like TripActions, Divvy has drawn significant attention from investors, landing \$52 million over three funding rounds and tripling its valuation since launching its platform in early 2018. By June, Divvy had signed up more than 700 companies for its service, which it offers free to corporate users by relying for revenue instead on interchange fees charged to merchants.

TripActions channels and alliances director Todd Maki said the company sees “plenty of opportunities for integration and new technological development to pursue” with Divvy as a partner: “We see Divvy as a significant player in the expense space

TripActions Is Chasing Larger Players as It Grows



that provides a streamlined experience for the users, so we think there's a bright future in aligning with them to create a strong customer experience end-to-end.”

Since expense giant Concur acquired Outtask in 2006, the industry has viewed unification of booking and expense management tools as a recipe for success. Other expense specialists have followed suit, including Certify, which bought NuTravel's online booking tool in 2017. From the other side, booking servicers like Egencia and Serko (*see Serko Acquires Expense Company below*) have expanded to offer expense management products. Meanwhile, AmTrav and others of a new breed—end-to-end platforms—have been designed and built from the ground up to offer both services.

Chasing Larger Customers

“This deal likely is a competitive response by TripActions to the providers offering integrated booking and expense, especially as [TripActions] looks to grow its offering to larger-volume customers,” noted GoldSpring Consulting partner Will Tate. After initially targeting small and mid-size enterprises, TripActions has begun expanding to companies that employ between 10,000 and 15,000 and plans later to serve larger enterprises, Cohen has said.

In November 2018, TripActions achieved the coveted “unicorn” status when it landed a \$154 million Series C investment to reach a valuation of more than \$1 billion. TripActions said it would use the funding to enhance its artificial intelligence-based booking platform and scale up support services in another effort to serve larger clients. The firm also last year opened a pair of offices in Europe—its first outside the U.S.—as part of its effort to build out the 24/7 customer support infrastructure required to serve those bigger clients.

And after a busy 2018, TripActions hasn't shown signs of slowing down in the new year. In early January, the company announced an integration with Expensify under which flight, hotel and ground transportation bookings made through TripActions will flow into the Expensify expense management system. Some mutual clients already are using the new integration, according to the two suppliers. ■

Serko Acquires Expense Company

New Zealand-based corporate travel booking and expense provider Serko has made a significant move to expand its global footprint and offer clients complementary services by acquiring InterpIX Inc., a Minneapolis-headquartered expense specialist with a roster of North American client corporations including Fortune 500 companies. “We've been looking to strengthen our presence and have people on the ground in the U.S., and this acquisition does that,” said Serko CEO Darrin Grafton

said. “As we expand to support clients in multiple time zones, we now can offer 24/7 coverage for customer support,” he added, noting that real-time customer service is an increasing point of emphasis for client companies and end users. Serko and InterpIX also match well from a technology standpoint, Grafton noted: “We're both working with a very similar tech stack, so we can easily integrate and build out from there.”

Finally, the acquisition gives Serko the

opportunity to cross-sell Serko's booking solutions to InterpIX's existing expense clients, as the latter company doesn't offer booking capability. Serko launched its Zeno booking technology in the U.S. in April. In October, the New Distribution Capability-enabled, chatbot-based booking tool won People's Choice honors at the BTN Innovator of the Year competition.

“We think this acquisition is going to benefit both our customers and InterpIX's customers and will create a benefit of one plus one equals three,” Grafton said, adding that integration will get underway during the first quarter and the acquisition will close by mid-year.

Founder Chuck Buckner and InterpIX's existing management team will continue to run the company. Buckner will report to Serko North America VP Tony D'Astolfo. ■

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Marriott Data Breach Update: The Good News & the Bad News

BY ADAM PERROTTA

Marriott International has revised the number of guests affected by the Starwood Hotels & Resorts data breach that ran from 2014 until it was discovered in September 2018 and that Marriott announced in November. Marriott has reduced the number of "potentially involved" customers to 383 million from its initial estimate of 500 million. The true number is likely even lower, as multiple records might exist for an individual guest, Marriott said. That's the good news.

The bad news: Among the data accessed were 5.25 million unencrypted passport numbers, along with 20.3 million encrypted passport numbers, according to Marriott. There is "no evidence" that hackers accessed the master key needed to decrypt the encrypted passport numbers, the hotel giant added, but unencrypted numbers were free for the taking.

Additionally, 8.6 million encrypted payment cards were involved in the incident but all but 354,000 had expired as of September 2018. There is "no evidence" that any of the components needed to decrypt the card numbers were accessed, Marriott said. Nonetheless, the hotel chain is performing additional analysis to determine whether payment card numbers were entered into other data fields that were not encrypted.

Marriott continues to offer support for customers affected by the breach, including a dedicated website and call center. Marriott acquired Starwood in 2016 and had phased out the Starwood reservations system by the end of 2018. All reservations now run through Marriott's system.

The data breach, the largest in U.S. history by number of affected consumers, even with the Jan. 4 revision, is believed to be the work of

Chinese government intelligence gathering efforts, according to reports. Chinese officials have denied responsibility.

After the November announcement of the breach, some corporate travel managers said they would consider including in their supplier contracts provisions that mandate card and passport replacement in the event of a breach. And the inclusion of payment card information among the exposed data could provide more impetus for adoption of one-time-use virtual cards in the corporate travel sector.

Meanwhile, the unauthorized access of passport numbers raises the question of whether hotels should collect such data in the first place, according to Matt Aldridge, senior solutions architect at Webroot, a cybersecurity and threat intelligence specialist. One of the biggest impacts of the European Union's General Data Protection Regulation "was that it forced companies to consider the personal data they hold and ask customers for, whether this data was really needed and, if so, how to properly protect it," noted Aldridge. "This is a great example of too much data being collected and retained."

While some countries and local governments require hotels to store guest data for domestic security purposes, Aldridge said the hotel should transfer it directly to the proper authorities rather than retaining it. "This is just one example among far too many where data is being requested and stored without proper justification and certainly without appropriate measures in place to protect that data," said Aldridge. ■

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THE YEAR IN CORPORATE TRAVEL TECHNOLOGY

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