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We are pleased to sponsor this special issue of Business Travel News once again. It offers insights and benchmarks that should prove valuable for travel managers and corporate executives who wish to adopt best practices.

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

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Sincerely,

Beth Kinerk  
Senior Vice President, Sales  
Avis Budget Group

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

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Dear Travel Professional,

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In 2017, IHG® invited SMEs from every industry to tell us how we could develop solutions tailored to their unique needs. We spent time talking with those responsible for managing travel within their companies and discovered that, overall, the industry's approach to servicing SMEs had been too narrow.

With the understanding that large corporations have dedicated resources for negotiations and travel buying, we aimed to differentiate the buying journey for SMEs—giving them what they need, while helping them maximize valuable time to accomplish their business objectives.

Using guidance from SME travel managers and travelers, we launched IHG® Business Edge ([businessedge.ihg.com](http://businessedge.ihg.com)) to streamline the negotiation process, reimagine our approach to loyalty, simplify booking, and consolidate data and content into one easily accessible place. Since its launch this time last year, over 5,000 businesses have joined the program and put the power of IHG Business Edge to work for them.

With more than 5,700 hotels across over 100 countries, IHG recognizes the critical role our B2B customers of all sizes and travel behaviors play in sustaining communities globally. So we're proud to sponsor this special issue of Business Travel News and hope that you will find the content useful for optimizing your travel program.

Warm regards,

Derek L. DeCross  
Senior Vice President, Global Sales  
IHG® Hotels & Resorts

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Dear BTN Readers,

From fast-growing startups to regional powerhouses, small to medium-sized businesses (SMB) have a unique set of travel needs. While travel programs may vary from company to company, one thing is constant: Putting the traveler at the center of your approach to managing travel creates a stronger travel culture and better results for your organization

and the traveler. Whether you support a team of 10 or 100,000, travelers expect a personalized experience, and Egencia focuses on making it a positive and lucrative one.

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We're proud to support Business Travel News and thousands of North American small and medium-sized businesses like yours to achieve their travel program goals. We hope you find the advice and resources in this issue to be helpful and inspiring.

Best regards,

Ashley Allott  
Head of SME Sales, Americas  
Egencia

# Is Any Company Too Small for Travel Management?

In theory, travel management works for everyone. What company wouldn't want to know where its employees are traveling; how much they are spending on hotels, car rental and flights; and whether it can negotiate better rates?

Conventional wisdom, however, holds that instituting a travel management program begins to make practical and economic sense only for companies with significant travel-related expenditures: \$1 million in air spend is a figure often cited as the floor for contracting with a travel management company.

Now, a host of tools and programs is challenging that thinking. TMCs may no longer be the be-all and end-all of travel management. Yet even TMCs that traditionally have targeted large enterprises are looking to broaden their appeal to small and midsize companies. So choices are expanding.

Rick Wakida, global travel manager for enterprise cloud data management firm Informatica, said \$1 million in air spend became the floor for travel management primarily because it was seen as the level at which companies could begin negotiating significant discounts on airfares. It also was seen as the level where the potential cost savings could provide the ROI for investing resources in managing travel and paying for travel management tools from providers like American Express Global

Business Travel, BCD and CWT.

But Wakida said companies don't have to wait until they get that big before managing their travel. "Ideally, it should be as early as possible, but the reality is that you have to have a certain amount of volume," he said. "You do have to have someone to administer it, and often there's too much other stuff going on," especially at pre-IPO startups that may have more money than time to spend.

"For the most part, we seem to get interest starting at about \$500,000 in air," said Goldspring Consulting partner Will Tate, whose company, among other services, helps clients source TMCs. "When the business owner can't be looking at every ticket, that's when they start looking at managed travel."

Patrick Linnihan, president and CEO of TMC Gant Travel Management, cited the conventional wisdom that "north of 150 employees is where you see owners lose control of how everyone is working on a day-to-day basis" and whether "the company culture is percolating into business travel."

These days, Gant, which uses Concur and TripLink on the back end for travel management technology for clients, is "seeing travel management occur at companies that are way smaller than anything anybody would have expected to see 15 years ago," Linnihan said.

Monica Colligan, executive director of account management for TMC Travel and Transport,

said her company doesn't set any floor in terms of which companies can benefit from its services. "We do consult with our customers as to what their needs are, what they are trying to accomplish and how best to manage their program. For example, it may not always be necessary to have an online booking tool or complex hierarchy," she said. "We find that SMEs understand there is a value in having a managed program for purposes of cost control, duty of care, etc. The savings aren't always as easy to come by as with a large account, but that's why partnering with the right TMC is important."

InterContinental Hotels Group SVP of global sales Derek DeCross said, "Any company that has frequent travelers should consider implementing some components of a travel management program."

## FULL-TIME TRAVEL MANAGER?

Wakida said \$4 million in air spend has been considered the baseline for hiring a full-time travel manager. But it's a misconception that small and midsize enterprises need to hire full-time travel managers in order to manage their travel, he said, noting that many people with "travel manager" in their titles actually spend only a portion of their time on travel, even at larger companies. Wakida, for example, also manages meetings and card.

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“You can put some things in place with a part-time travel manager,” he said, especially when they employ the newer travel management tools at which pricing is attuned to small and midsize companies and especially now that incentive programs from many hotels and airlines don’t require high minimum spends to qualify. United Airlines and American Airlines,

these systems in place and have these relationships in place when you can get larger discounts.”

Linnihan contended that even relatively marginal savings that companies garner from managing travel, such as recouping unused tickets and earning frequent-flier miles, can provide the ROI that SMEs are looking for in managed travel.

Certify and Chrome River group

**“Ideally, [managing travel] should be as early as possible, but the reality is that you have to have a certain amount of volume. You do have to have someone to administer it, and often, there’s too much other stuff going on.”**

**Informatica’s Rick Wakida**

for example, both have prepaid programs that offer discounts for spending as little as \$100,000 in air, said Wakida, and IHG’s Business Edge program offers guaranteed room discounts with no fees and no minimum spend requirements. (See page 34 for more on these and other supplier offerings for SMEs.)

Companies also can begin to manage travel without a travel manager at all. Linnihan noted that for an SME, TMC agents can serve as the “de facto travel manager.” Plus, new TMCs are cropping up to meld corporate travel policy with a booking experience closer to that of leisure travel. TripActions is one example. VP of product marketing Dave Packer noted that the company’s founders hailed from travel metasearch engine Kayak.

**WHAT’S THE ROI?**

Early investment in travel management “may not pay for itself,” Wakida acknowledged, “but as you grow, you’ll want to have

CEO Bob Neveu said there’s a difference between the arguably primitive form of travel management of a dollar cap on airfare spending and the more productive system that ensures employees are in compliance and are finding and booking the best available fares. “Having that type of technology at the time of booking makes all the difference in the world,” he said, adding that companies accrue other savings, by partnering with TMCs, reduced fees and process costs through the use of online booking and expense tools.

Indeed, accessing discounted rates is only one aspect of travel management, which also encompasses duty of care functions; expense tracking and reporting; and booking and on-trip assistance for corporate travelers. Amex GBT, which long had focused its marketing efforts on large companies, has directed attention toward midmarket enterprises, a shift reinforced by its announcement in 2018 that it would partner exclusively

with Lola, which offers “emerging” companies a simple travel management tool that integrates preferred rates on hotel and airfare, 24/7 online support, reporting, expense integration and the ability to establish travel policies based on current travel pricing trends. “We think it’s one of the growth engines of our business, of our industry, and we want to be front and center,” said marketing and product strategy VP Evan Konwiser. “As the leading TMC, we believe we have a value proposition that is superior to companies in the middle market zone. Lola’s about expanding our reach into companies that are a bit smaller than we’ve had before, with an all-in-one user experience ... for the buyer, for the manager, as well as for the travelers.”

And like many suppliers, GBT is looking more closely at the nuances of SMEs to ensure they can pull the right levers and offer the right support for the category. “Increasingly, we’ve been trying to segment our middle market into more meaningful need-based segments where we can put in front of each client the right product—certainly the right technology offering but also the right client-management structure,” said Konwiser. “We still anchor around travel spend as a starting point,” he said, but to match packages to the needs of midmarket clients, GBT also considers factors like industry vertical and whether companies travel domestically or internationally.

**EFFICIENCY & EASE OF IMPLEMENTATION**

For products targeted to SMEs, getting started must be quick and easy for the client, said Konwiser. “They don’t need to do a robust multicountry implementation. They want to



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be up and running in either a few weeks, potentially even a few days. And having a standardized offer helps us do that.” Packer said TripActions users can be up and running in a matter of hours, no extensive training required.

Linnihan said efficiency is a huge part of the appeal of travel management systems like Concur, which can streamline the process not only of booking flights but also mundane tasks like filing expense reports. Sometimes, Gant’s sales pitch to SMEs isn’t even about travel management per se. “We know you’re going to have to file expense reports regardless of whether you have managed travel, so what if we can cut your filing time by two-thirds?” he sometimes tells prospects.

“It’s such low-hanging fruit when compared to unmanaged travel,” he said. “I find it hard to believe that there’s a company culture out there that wouldn’t want you to spend less time on expense reports.”

**“For the most part, we seem to get interest starting at about \$500,000 in air. When the business owner can’t be looking at every ticket, that’s when they start looking at managed travel.”**

#### **Goldspring Consulting’s Will Tate**

Tate said user experience is a critical factor when getting travel management tools in the hands of SMEs, which are especially vulnerable to losing key employees and thus should focus on making the travel grind as painless as possible. “Trip disruption, whether that means missing a meeting or not getting home in time for a child’s

birthday party, is a big source of stress. Having someone to take care of [problems experienced on the road] is a huge employee retention benefit.”

#### **SCALABILITY**

Despite the inroads made by the mega TMCs, Tate said the market remains pretty segmented: Big companies pair with the legacy TMCs, while midsize enterprises gravitate to companies like Travel and Transport and travel agencies that utilize travel management tools like Certify or Concur. Smaller firms tend to explore travel management with TripActions or Rocketrip.

The scalability of TMC solutions remains a concern for smaller companies. Programs like TripActions were designed with the SME market in mind; Packer said TripActions’ client roster ranges from a three-person doctor’s office to businesses with 200,000 employees. Linnihan said Gant, an SME in its own right, launched Concur internally with fewer than 10 expense

users per month. The number has grown, but the feasibility for a small group of users stands.

Konwiser intimated that Amex GBT’s July 2018 acquisition of fellow mega TMC HRG gave GBT more buying power and, presumably, deeper supplier discounts even than the other megas. “We think this marketplace is wide open, and we want

to make sure everybody knows and gets a chance to see our value proposition.” If scalability is what an SME client is looking for, he posed, why not tap into the rates that the biggest buyer is able to supply? Indeed, GBT’s Lola partnership passes these rates through to some of the smallest clients.

Keep in mind, however, that travel management isn’t all about costs. Tate’s point that small and midsize enterprises should get the right service and attention is a critical one.

#### **THE HUMAN TOUCH**

“I don’t see tools or technology replacing people,” Wakida said, even as technology makes travel management easier for both travel managers and travelers and as fewer companies employ full-time travel managers. “You still need to have someone to oversee everything.” Even technology companies like TripActions view the availability of human support for travelers as critical to their success. It’s a function not easily replaced even with artificial intelligence and machine learning.

And old-fashioned relationship building still can yield big dividends for SMEs, said Wakida. Take a small company that provides a large volume of business to a hotel near its headquarters. The travel manager sometimes can negotiate discounts there on par with those achieved by much bigger companies. Likewise, a smaller company that flies a particular city pair frequently, such as its headquarters city and the location of a key supplier, also may be able “punch above its weight” to negotiate volume-based discounts on that route. “If you focus on concentrating your volume, you can get better rates than a larger company that doesn’t focus as much,” Wakida said. ■

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# Travel Program Model: Integrated Booking, Expense & TMC

For more than 80 years, general contracting and construction management firm Barton Malow relied on paper-based expense reports and receipts for reimbursement and ran a decentralized travel booking process. But by 2008, with 15 offices and more than 2,000 employees dispersed at job sites throughout North America, the company needed a more efficient system that offered a better experience for its employees while giving its travel managers clearer data visibility and improved control over T&E spend.

That year, the firm adopted Concur's T&E platform, offering for the first time a one-stop shop for electronic expense reporting and booking, along with a robust mobile component suited to the company's on-the-go employees. Sourcing Concur was a major step and required the firm to jettison its travel management company, which didn't support Concur's platform, in favor of Teplis Travel.

But implementation was just the first step, Barton Malow soon learned. To fully realize the benefits of a centralized T&E system, the company had to ensure its employees actually used the platform for expense reporting and booking, a task complicated by the diffuse nature of its workforce. "Our biggest takeaway was that a system is only as good as the support a company is willing to put into it," Barton Malow senior director of finance Brian Farhat said of the early years of the implementation. "You can have a great system, but you won't necessarily get the compliance and

adoption if there isn't the right team in place to support it."

Over the past few years, accounts payable manager Jill Liegghio has headed those support efforts. Since joining Barton Malow in October 2016, she has overseen the company's T&E and corporate card programs with a particular emphasis on employee compliance and rolling out new auditing and reporting tools to give the company actionable insights into corporate travel spending.

One of her first major initiatives was Concur Expense Pay, which automatically reimburses employees and pays out corporate card billings for approved expenses. More recently, she rolled out Concur Detect by AppZen, which automates expense report auditing using artificial intelligence. Automation leaves more time for expense managers to communicate with travelers about their spending behavior, according to Liegghio. "Before, we had one person who all they did was expense auditing, so there was no time to give [travelers] feedback or do reporting because they were just trying to get reports paid on time," Liegghio recounted. "By adopting automation, we were able to cut down the workload and add in more reporting and communication that drives compliance."

The power of communication extends to booking compliance, as well. Barton Malow's in-channel booking rate now sits at 75 percent, and air booking tops 90 percent. Liegghio credits those results to clear and consistent direct e-mail messaging to travelers, especially around duty

**"It's often just a lack of knowledge [that causes out-of-channel booking], and sometimes it does take a little pushing to change to something new."**

**Barton Malow's  
Jill Liegghio**

of care. "It's often just a lack of knowledge [that causes out-of-channel booking], and sometimes it does take a little pushing to change to something new," she acknowledged. "But through communication, we're able to impress upon our travelers the importance of duty of care and why they need to book within the tool so we know where they are and can contact them directly if we need to."

Even more-effective messaging comes from travelers who relay positive booking and expense management experiences to their colleagues, added Farhat. "Some people tend to be reluctant to change [to new systems and tools], but we found that as more people speak positively about the experience, that generates a conversation" that drives further desired behavior, he said.

To help create that positive experience, Liegghio rolled out Concur's Expenselt tool, which enables users to enter expense items by photographing them with their smartphones rather than having to manually enter information. That means Barton Malow's on-the-go workers don't have to get behind a computer to enter the details manually.

"We're always trying to find ways to make things better, even if it's just incrementally," said Liegghio. "The whole [expense and booking] process can be a hassle and it's not our employees' main job, so we have to find a way to make [our systems] as good as any other tool out there and make the process as painless as it can be." ■

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# Travel Program Model: All-in-One Experience

Detractors say new players like TripActions, TravelBank and Lola are flashes in the pan. Despite these companies' successful funding rounds, the doubters question the profitability of the new all-in-one travel booking, travel management company and, in some cases, expense management providers. About one startup that has made inroads into the managed travel space, one naysayer speaking on condition of anonymity said, "I give them another year, maybe 18 months." Talk to companies whose travelers and travel managers have their hands on the products, though, and the startups are making an impact.

Flywheel is one of those companies. The startup manages and hosts WordPress websites for designers and creative agencies. It has about 200 employees, mostly in Omaha but also distributed in offices in Germany, Spain, Portugal, India, Macedonia, Canada and Australia. Its travel spend is on the small side, roughly \$200,000, but when Steve Isom joined as VP of finance about a year ago, "we just didn't have visibility into the spend or what travelers were doing," he said. He also didn't have a lot of time or resources to fix it.

The company had an agreement with Amex GBT, but as a very small fish in that large pond, Flywheel struggled, Isom said. Part of the problem: The online booking platform wasn't popular with travelers. Employees would search the cheapest flights on Google and then book direct on the supplier website or through an aggregator like Expedia.

With "extremely high" leakage, finance concerns weren't even Isom's top priority. Duty of care was an

issue; disruption management was a productivity killer, and not just for the traveler. Because they were booking direct, "travelers didn't really have a point of contact" when travel went awry, said Isom, and the need for headquarters to help with rebooking put pressure on resources.

Simultaneously, Jennie Robertson, former travel manager for Tableau, had taken on a new challenge. She departed Tableau to establish a managed travel program for digital product design technology firm InVision, with its fully distributed workforce of 800 employees. As at Flywheel, travelers booked through various channels, and the company relied on messy expense data to gain visibility into spend. Travel plans were murky, as well.

None of these dynamics are surprising. Startups are concerned with topline growth: driving sales, partnerships and revenue. Both Isom and Robertson wanted visibility into travel spend and the ability to put some structure around traveler choices, but the question wasn't about how to install the rules to lock travelers into a program. Rather, the challenge was how to draw travelers in.

## LEAD WITH THE BOOKING EXPERIENCE

Traditionally, the first move for a travel manager is to contract with an agency. An online booking tool is often the second step. Most often, the agency resells a third-party booking tool. The dominant player is SAP Concur Travel, but there are plenty others. Alternatively, a travel manager can contract with the booking provider. This route offers more independence but potentially less technology support through the TMC.

Emerging TMCs like TripActions

and Lola market a technology-first model, and the booking tool is the access point to all service and support. It's a closed model in which clients can use only the tools provided by such a TMC or its existing partners. For Isom, fewer choices and layers make for a feature, not a bug. "For us and for a company of our size and also people being relatively tech savvy, no one considered ever doing anything like having some type of travel agency sit on top or using some service firm," he said. He was looking for an all-in-one solution his travelers would enjoy using, that represented an instant upgrade compared with booking on the open market and feeling alone during travel disruptions. Lola fit that bill.

For Robertson, the model—open or closed—wasn't the determining factor, it was the booking tool. "When you are going with the open model, which I know is more popular, you have to have the booking tool and the relationship with the agency, but if the booking tool is your No. 1 priority, you are going to go with whichever model has the best booking tool." She partnered with TripActions.

## MAKE ONBOARDING EASY

Robertson implemented the TripActions tool in phases. She ran a soft launch by requiring a set of travelers to book via TripActions for a corporate conference. After the conference, to Robertson's surprise, numerous travelers went out of their way to thank her for the technology. They liked TripActions' mobile booking, which Robertson said is nearly on par with the desktop version in experience, functionality and available content. "Ninety-eight percent of what you can do in the desktop

"For us and for a company of our size and also people being relatively tech savvy, no one considered ever doing anything like having some type of travel agency sit on top or using some service firm."

Flywheel's  
Steve Isom



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app you can do on the mobile,” she said. “A lot of people these days want to use the mobile, and TripActions is really easy and slick.”

Flywheel opened Lola all at once to its travelers. “We said, ‘Hey guys, use this. If you have any questions, let us know.’ That was the deployment,” said Isom.

TripActions offers more policy configuration options than Lola, and that worked for Robertson, whose program has specific fare guidelines for air travel, plus cost thresholds for travelers who need flexibility to find more convenient flights or require ancillary services. Because Flywheel has a less formal program, Isom liked Lola’s “high-level guidance on the policy side,” which he set up in five minutes. “Beyond that, people just self-service figured it out themselves,” he said.

Both Isom and Robertson praised the messaging and chat support on their respective platforms. More traditional TMCs are bringing that feature to the table on their mobile apps, but the tight chat integration with the mobile booking capability offers benefits for Flywheel and InVision travelers. Isom also mentioned Lola’s concierge-style support, which works via chat. In the case a flight connection is canceled for a traveler already in the air, for example, Lola proactively books a new flight. Isom has happily waved goodbye to in-transit travelers calling the Flywheel headquarters for support.

That said, content issues have been one challenge with Lola, according to Isom. European low-cost carriers like Ryanair are missing on the platform, a problem for Flywheel’s Europe-based travelers, and until July, Southwest wasn’t available. TripActions has had its own content snafus. Delta removed its content from the desktop and mobile booking tools temporarily in January. Though it was reinstated fairly quickly, the gap was painful for TripActions users. To re-engage, Delta required certain features on the TripActions booking

display. It also required the startup to ditch a feature that awarded travelers for booking cheaper flights. More on this later.

In terms of hotel content, neither Flywheel nor InVision supports its own hotel program. Flywheel doesn’t have the spend to leverage, except at the one hotel in Omaha with which it “negotiates heavily Hotels.com, Booking.com and other hotel aggregators—which Robertson said is a huge plus for her program.

#### THE BOTTOM LINE

Both Flywheel and InVision operate fairly simple travel programs—they don’t juggle a lot of preferred supplier negotiations—but they do want to control costs, manage duty of care and provide travelers with a good travel experience from booking through landing back at their home airports.

Isom and Robertson also need to manage their own time and resources. The commercial structures of Lola and TripActions contribute to that. Isom isn’t concerned about how much traveler service Lola is fielding versus Flywheel. It’s not the typical per-transaction or per-minute model, he said. “There’s no concept of like, ‘Uh-oh, I’m getting help. The meter is running.’” Lola has a monthly subscription model; TripActions charges a fee per trip that includes service and support, ticket and hotel changes, cancellations and agent chatting. Both Isom and Robertson think their partners give travelers what they need while also giving program administrators visibility throughout the program.

Isom said the Lola dashboards clearly show where spend goes, even across verticals for any department or any time period. Isom also can see where Flywheel’s travelers are and where they plan to go. He said Lola’s integration with Expensify has simplified the work of his finance team, making booking, corporate card and expense data easy to reconcile.

Robertson, who credits the TripActions traveler experience with attracting adoption rates of 95 percent, said that’s the only way

to get true travel program data. “Getting real numbers—that’s the value when you are building a travel program,” she said.

#### STAYING POWER

Recent frays over content, booking tool displays and even certain app features, such as the above mentioned issue between TripActions and Delta, have demonstrated the vulnerability of startups to be buffeted by the interests of big industry players.

Prospective buyers might consider how such dynamics could affect their programs. Robertson remains a strong TripActions supporter and can point to the successes of her program. She has been outspoken about her distaste for Delta’s tactics, which she has noted seem limited to emerging players. “With Concur, Egencia and the others, [display and features] are business as usual as far as I can tell,” she said. A handful of other small players have told BTN they are getting similar pressure from large suppliers.

Robertson and Isom shrugged off questions of whether their TMCs ultimately had staying power. Lola “was started by Paul English, one of the most successful entrepreneurs in the travel space. I have very little concern [about stability]. Additionally, the company has attracted some of the leading venture capitalists, who I believe will continue to fund the business,” he said.

Robertson pointed to TripActions’ \$480 million raise but also to the uncertainty of working with big-name suppliers. “Look at the pace of consolidation in the industry. Orbitz and Travelocity both had corporate offerings. They were bought by Expedia and merged with Egencia. Other traditional TMCs are merging left and right. There were other entrants we did not consider because they weren’t as far along and didn’t have the backing TripActions has, but we felt as confident with TripActions as we could feel with any other TMC due to their solid financial backing.” ■

“Ninety-eight percent of what you can do in the desktop app you can do on the mobile. A lot of people these days want to use the mobile, and TripActions is really easy and slick.”

InVision’s  
Jennie Robertson



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# Travel Program Model: Custom Universe Built on Microservices

The travel management company long has served as a vital conduit between buyers and suppliers while fulfilling key program management and data functions. But some travel managers are rethinking the TMC as center of the corporate travel ecosystem. They're exploring instead whether their companies' needs may be better served by booking directly with suppliers, capturing booking data via third-party tools and assembling custom lineups of specialized service providers to round out their programs.

This approach is a bold departure from the do-it-all TMC model, and it's certainly not for everyone. But companies with the right profile that are willing to experiment may find that de-emphasizing the TMC leads to an array of benefits, including lower costs, happier travelers—and TMCs perhaps motivated to innovate to maintain relevance.

Such was the case for ZS Associates. The Illinois-based consulting and professional services firm, which has 7,000 employees and operates globally, is piloting a program it hopes will shift 50 percent of its air and hotel travel volume to direct channels. The initiative is based on a direct connection with United for air booking, underpinned by the airline's integration with Traxo, which funnels back to ZS all bookings made directly with United. Pilot participants are allowed to book other airlines but must go through the traditional TMC channel to do so.

Meanwhile, the hotel guidelines—

ZS eschews the term "policy" when referring to its travel program—include one or two preferred properties near each of a few ZS offices. To get ZS travel operations coordinator Suzanne Boyan's negotiated rates, travelers would need to book through the TMC or, during direct bookings, enter discount codes provided by the hotel chains. However, travelers are free to book directly at any properties they choose, and the company captures those bookings using Traxo Filter.

To bolster the program, ZS has contracted so-called "microservice" providers to fulfill specific functions, including Freebird for flight disruption management and rebooking, Tripbam for hotel rate reshopping and International SOS for duty of care. The Traxo Marketplace integration service transmits travel data directly to those providers, and it's all tied together by ZS's in-house travel dashboard, which serves as a control center for tracking data.

"We just don't find value in the GDS model of booking travel," Boyan said, referring to the global distribution system, which traditionally has functioned as a sort of clearinghouse of supplier content for business travelers whose companies have managed travel programs. Boyan wanted to give ZS's travelers three things: a better booking experience, more akin to the consumer side; greater freedom; and the ability to leverage loyalty programs, as corporate travel policies can inadvertently shut travelers out from cost-saving loyalty perks.

Since rolling out in the Midwest this year, Boyan said, the pilot

has garnered stellar ratings from participating travelers, has reduced TMC service fees and has given ZS greater leverage in negotiating rates with United, as the airline earns higher profits on direct bookings because they don't include GDS fees. ZS's pilot is set to expand to the rest of the U.S. by the end of this summer and then to roll out globally. Meanwhile, ZS is talking with additional airlines, according to Boyan, and she's considering applying the direct connect strategy to hotels. A direct hotel integration with Traxo would be a "differentiator" and "high on the list" of ZS's considerations when the company goes out to bid for hotel suppliers again next year, she noted.

## RIPPLE EFFECT?

ZS's initiative could help redefine how companies buy travel and force TMCs to adapt. But is the strategy one other companies can replicate? It depends, said GoldSpring Consulting partner Will Tate, who advised ZS during the conception of the program. For one thing, it takes plenty of upfront work to assemble the perfect array of microservice providers, as opposed to contracting with a one-stop-shop TMC, he noted. Further, each specialty provider requires its own cost-benefit analysis and becomes a separate relationship to manage—without the assistance of a TMC. It adds up to a significant amount of time and manpower, especially for larger corporations with massive spend. "Because they're

"We just don't find value in the [global distribution system] model of booking travel."

ZS Associates' Suzanne Boyan

a little smaller than that and because they're a data company" with the ability to build their own data management systems, ZS was particularly well-positioned to benefit from this type of approach, Tate noted.

That said, Tate thinks the concept "absolutely" could be applied by other small and midsize enterprises that are willing to innovate and to accept some of the risks, such as lack of a single, TMC-managed traveler profile and the potential for leakage when travelers don't book with their corporate email addresses and thus slip through Traxo's net.

DigiTravel already has helped some companies set up direct supplier connections in targeted markets. Former Cisco global travel manager Susan Lichtenstein launched

the consultancy, aimed at digitizing and simplifying managed travel programs, this year. The future for travel programs, she said, is an omnichannel approach that maximizes choice with direct connections and TMCs side by side. "The tools are there [for a direct model], but it shouldn't be an either/or," Lichtenstein said. "If a traveler wants to use a corporate booking tool, great. But they should be able to do direct booking, too, if they want to." Indeed, ZS hasn't done away with its TMC but rather retains it as an option for travelers who want to book via that channel.

Amid the overall rise of direct connections and microservice options, TMCs will have to reconceive their value proposition, and that ultimately will benefit travel buyers,

Lichtenstein noted. "TMCs will have to decide how to add value and how they're going to make money because buyers will pay for what they want," said Lichtenstein. Several TMCs already have embraced a "marketplace" model, partnering with travel tech startups and microservice providers and offering those as add-on services to clients.

Lighting a fire under an ecosystem that has remained "stuck" for the past several decades may be the biggest result of Boyan's bold experiment at ZS. "At the end of the day," she said, "the biggest benefit is that if we can move the travel industry forward ... we're going to have access to even more technology, and that alone could be well worth the risk." ■

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# Have Airline SME Discounts Unseated Traditional RFPs?

Small and midsize corporate travel programs have proven lucrative for airline sales teams in recent years. Carriers have lowered the air spend thresholds by which SMEs become eligible for participation in the carriers' SME programs. They've also differentiated their offers for various program sizes. These changes, however, have not completely muscled out traditional negotiating tactics.

"Most of the time, we focus our energy and attention on the big guys, but the most dynamic segment, if you look at the airline sales report, is the SME segment," Advito VP and global air practice leader Olivier Benoit said. "SME spend is going to be far less significant in volume, but the market is driving growth and additional yield to airlines."

Airline programs for SMEs, mostly points-based rewards programs and prepaid ticketing program options, have been around for more than a decade. In more recent years, airlines have introduced upfront discounts across more tiers based on the volume a company is able to give to a carrier. This is closer to how airlines contract with larger programs, but the carriers' SME programs come in an evergreen format, sans RFP. (See page 34 for details on airlines' SME offerings.)

Those programs have been gaining significant traction. American Airlines SVP of global sales and distribution Alison Taylor said the carrier signed 24,000

new small business accounts in 2018. That's in addition to those joining the Business Extra loyalty and AirPass membership programs. Delta SVP of global sales Bob Somers said his carrier has 50,000 companies in its SME programs and is on track to grow that by another 10,000 this year.

United, which last year launched its new tiered Propel program to replace a former program that offered an across-the-board 2 percent discount, has seen "tremendous" year-over-year SME account growth, faster than the carrier's other corporate segments, and "strong growth versus the industry in the managed SME space" with Propel.

## GAINING VALUE

Those numbers are why airlines develop these programs. No airline has large enough sales resources to handle individual negotiations for that number of companies. The SME programs have given airlines a way to connect with SMEs using minimal sales resources, Benoit said. The newer discount programs have served as bridges for airlines, keeping companies that have outgrown the prepaid programs but that don't yet qualify for full-blown contracts.

Airlines also have been lowering the threshold for prepaid programs, opening those up to smaller travel programs. United, for example, in 2017 lowered its threshold for its PassPlus program and, as it migrates the program into its Jetstream tool, likely will lower them further.

Points-based programs executed

properly generally save travel buyers between 2 and 4 percent on airline spend, despite some airlines' claims that they can reach as high as 10 percent, Benoit said. A few such programs—those of Southwest Airlines, Finnair and Turkish Airlines, for example—tend to bring even greater savings, he said.

The newer programs, however, generally can bring upfront discounts between 3 percent and 5 percent with little or no commitment, GoldSpring Consulting partner Neil Hammond said. Benoit pegged the average at up to 6 percent. "There are contracts [for larger corporate travel programs] with commitments in there that yield less than those do," Hammond said.

What's more, airlines' SME programs give buyers access to many of the tools and benefits enjoyed by those under corporate contracts. At Delta, for example, SME program participants get access to the Delta Edge reporting tool and the global sales support center, as well as basic level Corporate Priority benefits for travelers, Delta VP of sales operations and development Kristen Shovlin said.

Increasingly, airlines' SME programs are becoming available via travel management companies, as well. "It's not just us going direct to the consumer," American's Taylor said. "We have allocated specialists towards TMCs and many other agents." Benoit said he has seen a shift in airline SME strategy vis-a-vis TMCs, from

**"SME spend is going to be far less significant in volume, but the market is driving growth and additional yield to airlines."**

**Advito's  
Olivier Benoit**

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simply working with TMCs to enroll clients in SME programs to working with the TMCs to support the SME program, which enables the travel managers to incorporate them with policies like lowest logical airfare. "If [a traveler] wants to book a particular flight, then the TMC can look into the offering and others to compare and book the one that is the most attractive," he said. "It depends on what you negotiate with the TMC."

Airlines Reporting Corp. VP of innovation and analytics Scott Gillespie said making direct channel bookings more attractive for buyers could increase the value of carriers' programs for small and midsize enterprises. SME programs "are largely direct channels, but there are limitations: You don't get travel policy, you get very out-of-date authentication that the traveler is employed by that company, and a lot of the SME programs have not done anything remarkable on helping companies to track unused tickets."

#### **BUT WHAT OF THE RFP?**

Given the savings airlines' SME programs can provide, one might wonder whether the traditional RFP still has relevance to the SME market. Many of the companies using the airline programs never would have gone to RFP in the first place, but the RFP still allows others to be more strategic. "The RFP is most relevant if you have a new program, if you're starting something up and have some volume," Informatica global travel manager Rick Wakida said. "If you're a smaller program and just started growing, you can start with the [carriers' SME loyalty points] programs and when you establish volumes and grow some more, you can get more of an upfront discount."

SME buyers first should take stock of their markets. Many SMEs operate out of one major market

and point of sale, which means they will do business primarily with a single main carrier, Benoit said. As such, a company operating out of Germany likely would do best by participating in Lufthansa's SME program, he said.

Even when a travel program doesn't need an RFP for a primary carrier, RFPs are useful to fill in secondary markets, Wakida said. U.S.-based technology SMEs, for example, often travel a fair amount to India, and the company's primary domestic carrier might not cover that destination well. So an RFP to cover routes from the headquarters market to India might make sense, he said. RFPs also are effective in markets where more than one major carrier has a presence, such as Chicago, or if a company has a high percentage of premium class travel, as airlines will compete for those fares, which yield more revenue.

"When I was [a travel manager] at DocuSign, we had one market, San Francisco to Seattle, with a lot of competition, and we had a great contract," Wakida said. "But you couldn't contract with everybody. You have to make it fit into the broader traffic patterns."

Airlines have made it easier to mix and match programs, as well. United, for instance, in 2017 began allowing buyers to use its prepaid program, PassPlus, alongside a corporate contract. Companies no longer had to choose one or the other. Wakida said SMEs should aim to cover 60 percent or more of air volume with one to three carriers.

Airlines' SME programs should provide extra leverage during RFPs when an airline wants a particular company's business, GoldSpring's Hammond said. "In order for an airline to get [the client], they would have to offer even more," he said. If an airline's SME program would offer a 3 to 5 percent discount "for free," he said, it should offer 7 percent or 8 percent to land a contract with a travel program.

**SME programs "are largely direct channels, but there are limitations: You don't get travel policy, you get very out-of-date authentication that the traveler is employed by that company, and a lot of the SME programs have not done anything remarkable on helping companies to track unused tickets."**

**Airlines Reporting Corp.'s Scott Gillespie**

#### **MEASURING PROS & CONS**

The RFP process, however, inevitably comes with a cost, so an SME must evaluate the savings it'd gain under a corporate contract to determine whether an RFP is worthwhile. "You've got to do a cost-benefit analysis, looking at the cost benefits of going through TMC negotiations or going alone," FairFly head of global marketing Chris Ulph said. "Having the data to look at these options gives you the idea of how many resources you need to put into negotiation."

SMEs that do not have the internal resources to do a full-blown RFP also can go the consultancy route, though that also requires a cost-benefit analysis. A company with \$500,000 in air spend, for example, might save around \$10,000 to \$20,000 on the program via a consultant, so the company would weigh the cost of the consultant against that, Benoit said.

Like airlines, consultants also are starting to see value in SME clients. Advito, for example, has developed a straightforward offering for clients that have just one or two routes or points of sale. "Our traditional methodology and tools are too heavy for this segment," Benoit said. "The cost is too high and the return on investment is low, so we simplified the way to address the segment."

Some carriers have been simplifying their RFP processes, too. Shovlin said Delta has been working to make "it much more electronic and efficient." ARC's Gillespie said simplifying RFPs is a task for the airline industry overall, particularly because many SME programs are not managed by full-time travel managers. "It's incumbent on the quasi travel manager to recognize enough options and reasons to go through the cost and time of the RFP," he said. "That's probably more of an educational challenge for the airline industry, to help those travel managers understand that." ■

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# Leveraging TMC Rates for SME Hotel Programs

When a small or midsize enterprise doesn't have enough volume to warrant preferred hotel rates, travel management company rates can provide discounts an SME company would not get on its own. A TMC rate basically leverages the aggregate power of the TMC's clients to provide discounts—and sometimes additional benefits—to its customers.

"The benefit [of a TMC rate] is consolidated buying power in places where you don't travel enough to get your own great rate," said HRS SVP of enterprise solutions for the Americas Suzanne Neufang. American Express Global Business Travel VP of hotel strategy Wes Bergstrom agreed with Neufang about that fundamental value. "With our preferred extras hotel program ... we are basically rolling up our volume to help [SMEs] get the discounts they deserve. Otherwise, in many cases, these SMEs just don't have the buying power; 250, 500 even 1,000 room nights—hotels don't want to deal with that."

Competing TMCs offer varying benefits for SMEs, so the travel manager must determine what his or her company's priorities are. SMEs focused solely on price might be well served by online travel agency rates if they're equal in price to TMC rates. But OTA bookings present issues. "Hotels can see the OTA sold that rate," said ConsenSys travel manager Mat Domaradzki, who used to work for Hilton. "The service of that rate or individual goes to the bottom of the list. The traveler will get the worst room, and if the hotel is overbooked, they will be the first one to be walked to another hotel." Booking on a consumer OTA also don't come with reporting or capture companies' spend with hotel brands, and travelers would not get loyalty points, a big driver for

travelers choosing where to stay.

Other SMEs prioritize value. Price is part of that, but amenities also factor into value. Some TMC rates offer just rate discounts. Others include amenities, which vary depending on the deals the TMC has made with suppliers. CWT's standard TMC rate includes a discount of up to 10 percent, last room availability, loyalty points and 72-hour cancellation. Bigger discounts and a minimum of six amenities are included in its premium program, RoomIt by CWT, which is a separate division.

So a TMC rate could seem higher than an OTA rate at first glance, but when you add in the extras, the TMC rate might offer better value. "It's the value-adds we can bring to the table that are important to the SME market, be it free breakfast, parking, Wi-Fi, food and beverage discounts, upgrades subject to availability, late checkout, no early checkout fees," said GBT director of global hotel strategy Margaret Bowler. "It's the overall cost."

While CWT, GBT and BCD Travel are the biggest TMCs, there are plenty of others in the industry, and some smaller ones affiliate with larger companies to provide the best of both worlds. "We use a smaller, more boutique TMC, Milne Travel," Domaradzki said. "They're 51 percent owned by Altour, so we get Altour supporting us in the back end."

Some technology-driven TMCs cater to small and midsize enterprises that are lightly managed and don't need or cannot afford fully managed programs. One is Lola, which last year partnered with GBT. "We're definitely not at the scale where we're working with any suppliers directly, other than one hotel, which we spend a lot of time negotiating with," said Lola customer and Flywheel VP of finance Steve Isom. "In general, since Lola announced the partnership with GBT ... we basically are getting that pricing. So

we now have lower fares through that partnership" than Flywheel did when it used Lola on its own."

TMC Egencia—which is owned by Expedia, an OTA—offers Egencia Preferred Rates. But rather than focus simply on price, the company is more concerned with "understanding [the business traveler] as it pertains to the supply world and turning that into the right system and tools," said COO Mark Hollyhead. It isn't just about amenities being included, but more about "the relevance of the trip," he said.

To that end, Egencia can refine the hotel offer for the buyer within the confines of its Preferred Rates partners. Its Smart Mix tool uses artificial intelligence to consider a hotel's price, policy, proximity to a corporate office, whether a traveler has stayed at a property previously, how many colleagues have stayed at a hotel and available reviews of the property. According to Hollyhead, the tool puts the best match for that traveler at the top of the search results so it's booked quickly. "We understand what business travelers value," he said. "A free bottle of wine may be fine for a leisure traveler on the weekend, but it's not fine for the business traveler who may prefer that airport transfer or free Wi-Fi. That's the type of Big Data we are churning to make sure we understand the elasticity of those different offerings."

## THERE'S MORE TO CONSIDER WITH TMC RATES

Plenty of TMCs and booking tools are digging into machine learning and artificial intelligence to deliver those relevant results. Newcomers like TravelBank have built businesses off harnessing these technologies. CWT's RoomIt has created a revenue stream, as well. And while such algorithms do weigh relevancy, they also

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likely are weighing additional considerations like TMC commissions.

Providing special rates isn't necessarily an altruistic practice for TMCs. Depending on the terms, hotels and TMCs form agreements by which the TMC might get a percentage of the booking when a traveler books a hotel room through the TMC. And, according to HRS's Neufang, "It's not always transparent ... so let the buyer beware." To increase the chances of getting that commission, a TMC might configure the online booking tool to show a commissionable rate in a higher slot than other options. Or if all else is equal, the commission could be the sole differentiating factor that pushes the commissioned rate to the top of the OBT display.

There is a lot of power in the display of OBTs. Neufang said 30 to 40 percent of the hotels that corporate travelers book in corporate OBTs had appeared in the top five places on the tool. "These are not inconsequential placements," she said.

Commissions are "for each individual company to understand," said Mira Rosenzweig, director of travel services for midsize company KBB Partners. "The traveler does not know the commission is a piece of it. It's not stated typically that the rate being booked has a 10 percent to 20 percent commission. I want what is best for the account, not whether it is commissionable to

the agency. Travel managers need to be aware of that and have a technology solution in place or closely monitor that information [to make sure] the agency is disclosing all the commissions." KBB uses a reshopping tool that can parse commission data.

TravelBank, known as a T&E management platform, is also a TMC, but it does something different with its commissions. It splits them with the corporate client in the form of a rebate. Traditional TMCs may or may not accept a commission split within the terms of a client contract, and it's less common with SMEs. TravelBank offers such a split upfront, but an annual contract with TravelBank usually requires a minimum spend.

"If the company books, say, \$1 million through our platform, they may be eligible to get 1 percent back when their 12-month term comes up for renewal," said co-founder and CEO Duke Chung. "That is our way to share commissions back to companies and find [them] another way to save some money. Many of our clients enroll in it." Of the 650,000 or so properties in its system, about 40,000 have rates exclusive to TravelBank, some with discounts as high as 30 percent. All hotel bookings on the platform earn TravelBank some kind of commission, and this is the company's primary revenue stream. "We offer this [rebate] on top of the discounts when [clients]

hit their minimum spend," he said.

Travel buyers also should note the reshopping policy a TMC follows. Most will rebook a reservation in a like-for-like room when a better price appears, but some might move the traveler to a nearby hotel if a better rate is found. If the travel buyer does not want that to happen, he or she should stipulate it in the TMC contract. Rosenzweig recommended that a buyer ask his or her TMC to implement a tool that not only reshops but also checks the accuracy of the agency. She has seen instances when an agency rebooked only rates that were commissionable, avoiding noncommissionable rates. "That's not the purpose," she said. "It's to have a benefit for the program. If it comes with an increased commission, that's great. But it should not be priority No. 1."

#### **DECIDING WHAT'S ACTUALLY IMPORTANT**

Then there's the question about simply going direct to the hotels, now that there are ways to capture direct bookings. "Leakage is always a problem for hotel [programs]," GoldSpring Consulting partner Neil Hammond said, referring to the fact that in a typical hotel program, only 55 percent of travelers will access those special rates through the TMC. "For the travel manager who doesn't want to fight that no-win battle, particularly on the SME side, they may want to consider a solution like Traxo, where you can capture the post-booking [data] through different channels. It allows the traveler flexibility and alternatives while still being able to capture" the transaction.

Remember, though, that TMC relationships are about more than accessing better hotel rates and, even if the discounts come with strings attached, they are often better rates and come with better amenities than an SME is likely to get on its own. Plus, there's both traveler service and program support built into that relationship. Those are critical benefits that SMEs otherwise may not have the resources to provide. The important thing is to know what you are buying. ■

## **ARE TMC RATE STRATEGIES CHANGING?**

Tripbam founder and CEO Steve Reynolds said it's important to note how travel management company rates are changing, particularly with the advent of HRS, which has introduced some downward pressure on the market. "[TMC rates] used to be chain- or brand-level discounts. All were dynamic and roughly a small percentage off the best available rate. The megas are now negotiating property-level deals, both static and dynamic, to better compete against HRS rates," Reynolds said, adding that some are up to 15 percent off best available rate with commission and a few amenities. The shift in strategy from the hotel companies has complicated rate loading and shopping scenarios for TMCs. They now have two rate tier codes in global distribution systems: one for their historical chainwide deals and a second for any property-level discounts recently negotiated. While TMCs might drive these deeper discounts to newly packaged solutions like RoomIt by CWT or Stay by BCD Travel, the strategy is unlikely to be clear cut. TMCs have the ability to bring in those rates for any client where they feel the business could be vulnerable.

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## A Solution Built by SMEs, for SMEs

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# Hotel Dynamic Pricing: Is It Different for SMEs, & Is It Worth It?

Dynamic pricing has been part of the lodging world for at least five years. It's been getting more buzz, though, since EY switched to a mostly dynamic program about two years ago and other big companies began to follow suit. In fact, the Global Business Travel Association conference in August devoted three sessions to dynamic pricing versus negotiated rates. During one, 76 percent of the attendees said they were using a hybrid dynamic model; only 22 percent had fully static programs that use only negotiated rates.

But can dynamic pricing work better than fixed rates for small and midsize enterprises? As with most pricing strategies, it depends on several factors.

First consider the definition of dynamic pricing at right. For hotels, this can be a percentage off the best available rate at a given property for the given travel dates at the time of booking. The GBTA discussions left out chainwide discounts for a few reasons: They're typically lower than a buyer could negotiate with dynamic pricing. Amenities often are not negotiable. And the RFP is different, said GBTA panelist Mira Rosenzweig, director of travel services for midsize company KBB Partners.

## WHEN TO USE DYNAMIC PRICING

Whether a hotel will engage in dynamic pricing with a company

and what the percentage discount will be usually is determined by the location and that company's volume of business. An organization that's not among the Fortune 1,000 still can have leverage with a property if it can drive more volume than other companies can to that city or property. A small company headquartered in a small city, for example, likely can drive more business there than can a large company. It's for the markets where an SME has lower volume than other players that it has a better shot at getting a dynamic discount rather than negotiating a static rate.

The biggest key is to know a company's spend, said Laura Kusto, BCD Travel senior director and global lead of spend management consulting and dynamic sourcing. "Have that data," she said.

Next is knowing the travel program's footprint. "I've seen this with global clients," she said. "You can have two companies with the same spend, but one will have more leverage in top markets simply because their spend is more concentrated, while the other has spend all over the place." Even in properties that draw a decent amount of corporate business, "a good midsize company with a certain amount of spend to drive to one or two properties should be able to achieve dynamic discounts, just smaller."

## THE RIGHT DISCOUNT

The size of the discount is going to vary, based on that volume and footprint. If she were an SME travel

manager, Kusto said, she wouldn't accept a dynamic discount below 12 percent. "Assuming this discount is negotiated in the spirit of partnership, I think you can get 10 percent via other methods," she said.

Rosenzweig—who has increased KBB's use of dynamic pricing significantly, to about 65 percent of her hotel program—said KBB's dynamic rate discounts range from 10 percent to 45 percent. "It really depends. I make sure if we're going down a dynamic pricing route that it needs to be over a certain percentage, which is better than a chainwide [discount]. What you have to understand is: It is a strategy. So you can also include amenities in that strategy." And as she explained above, amenities often do not factor into chainwide discounts.

## TRADE-OFFS

One of the reasons Rosenzweig has moved toward a dynamic program is to give travelers more choice. "I have travelers who are Baby Boomers, as well as Millennials. I need to understand who our travelers are, where they are going, and I need to make sure I have a wide range of hotels."

Dynamic pricing usually ditches the tedious annual RFP process and allows for a greater breadth of properties in a company's program. That means a travel program that uses dynamic pricing can bring in properties that travelers had been booking outside the program,

either because they had found better prices or because of the travelers' loyalty status. Many companies also combine dynamic pricing with city caps. Again, the cap a company can get will depend on its volume of room nights and spend, so caps for SMEs may be higher than what large enterprises can negotiate. But the benefit is the expanded choice for travelers, which leads to higher traveler satisfaction. Dynamic pricing and city caps combined mean travelers have a better chance of finding the hotels they want within the program, can get a discount on them and can keep their loyalty points.

The knowledge that travelers are always going to get a discounted rate is a positive for dynamic pricing, but by its very definition, dynamic pricing means the price for a room will always be in flux. "With dynamic rates, the downside is: You are not in full control of your spend because it will always depend on how the inventory of a specific hotel is doing," said HRS SVP of sourcing solutions Marco D'Ilario. "If it's a tight market, the rates will go up. Even with a discount, you're spending more than probably expected. In this regard, with dynamic rates, it's harder to plan your budget."

Also difficult: getting travelers to accept a fluctuating rate. A company travel buyer with a \$5 million annual travel budget told BTN she would not move to dynamic rates because she would have a hard time explaining to her travelers why the same room at a hotel is priced differently each time they stay there or why the price might swing from night to night during the course of one stay. "The [traveler's] value perception is not the same as our value perception, and because of that, they're thinking, 'I don't think I'm getting good value every time I come into town,'" she said. "It might work better with large cities, but when in midsize or smaller towns—and select-service properties are prevalent in those

towns compared to full service—it's a difficult sell to make." By this, she means her travelers understand that rates can fluctuate more in large markets due to special events or high seasons. Staff at properties in large cities also tend to be better at answering travelers' questions about rate differentials.

Depending on how much a company wants to control its T&E—and most companies do—the optimal value from a dynamic rate program comes when the traveler pays attention to events at his or her destination. "If there is a trade-fair in a destination and you are not attending it, plan that travel for another week" when hotel rates will be lower, D'Ilario suggested.

Another challenge to using dynamic pricing is that it's difficult to compare side by side with a negotiated static rate, said GoldSpring Consulting partner Neil Hammond. "Which is better, the 15 percent discount or a flat rate? We don't know," he said. "You need to know with that flat rate what you would have paid [for a consumer rate] so that you could convert it to a percentage and then how available it was." He gave an example of a negotiated rate of \$150, compared with a \$200 room rate. That's 25 percent savings for that night. But what if the negotiated rate isn't showing up in the company's booking tool? "If you were only getting it available half the time, then it's really only a 12.5 percent savings, and you'd be better with a 15 percent dynamic rate," he said. "Those are the numbers you need to play around with."

He recommended using a reshopping tool that will capture this information booking by booking. Over the course of multiple bookings, the travel buyer can see what the actual savings are and how often they are available. That produces a comparison of dynamic versus fixed on a case-by-case basis.

The buyer with the \$5 million

program agreed that the difficulty is capturing the rates at the time of booking. "I looked at my agency [reports] after GBTA, and I didn't see where we can capture the rate before a dynamic percentage is applied to it," she said. "So how do you know you've got the correct dynamic percentage? There's a fit for [dynamic pricing] in the world, but I don't believe most midsize and small companies are prepared to invest that much time trying to manage it."

Another consideration is the company type. On a GBTA panel, llene Onieal, global travel program manager for midsize company NetJets, said she can't use dynamic pricing because her travelers, who are plane crew members, have to book the same day they travel. "It becomes an availability challenge," she said. Meanwhile, companies doing work for the U.S. government are restricted by per diems set by the General Services Administration. Those companies likely will not get reimbursed for rates booked above the GSA rate.

Still, companies that have gone dynamic say they have been able to keep costs down. Though she's the global travel director for the massive EY, Karen Hutchings said she's kept her dynamic rates flat or in some cases discounted them further, even as certain markets have raised their rates. She gave examples in which the savings spread was as much as 7 percent. An SME might have a harder time doing that or might not see as big of a spread in terms of savings, but it's something to consider.

Hotels are more amenable to multiyear deals when they're based on dynamic pricing, not unlike airlines, added Hammond, and that can help with a travel program's spend forecasting. The challenge, again, is that "you need a lot of intelligence and data to make those decisions," he said. ■

## WHAT IS DYNAMIC PRICING?

The definition presented during hotel dynamic pricing sessions at the Global Business Travel Association conference in August:

**Also known as time-based pricing, it's a strategy that prices goods, commodities or services based on time. It matches demand to supply to maximize topline revenue for an organization.**

# Travel Risk Management: Small Steps Can Make a Big Difference

**D**uty of care and travel risk management are big topics in travel management. Actually, enormous. Even as a concept, the idea of coordinating all the stakeholders that touch travel—finance, procurement, legal, HR, security, communications—around such an effort is intimidating. In a workshop at the Global Business Travel Association conference in August, WorldAware’s Bruce McIndoe walked a group of about 50 attendees through the 10 essential process areas that achieve a “mature” risk management program:

- Policy and procedure
- Education and training
- Risk assessment
- Risk disclosure
- Risk mitigation
- Risk monitoring
- Response and recovery
- Notification
- Data management
- Program communication

After the review, the audience, which largely represented the small and midsize enterprise travel buyer, completed self-assessments of their companies’ TRM maturity levels. Overall, they were in no-man’s-land, barely reaching into the first tier. The single buyer who assessed her company at a Level 2 misunderstood the assessment instructions and backtracked to Level 1 after reconsidering.

The point is: Many SMEs struggle with establishing TRM, but it doesn’t have to be this way. “Fundamentally,” said McIndoe, “we are trying to be

proactive when sending people out on the road to make sure they are prepared for the trip and business activities they need to perform but also prepared to take care of themselves from a health, safety and security perspective. We need to look at how the company can support travelers in a consistent and systematic way.”

And while it doesn’t have to be complicated, he said, it does have to be more comprehensive than just deferring to traveler insurance policies to cover issues that cost money. “For companies that already work with a TMC, [the TMC] should have a risk management component of their offering; for those not working with a TMC or where there is no travel manager, which is often the case for companies with 50 or 100 travelers, you really just need someone in the organization to talk with travel suppliers and internal stakeholders to begin to pull the threads of TRM together,” McIndoe said. “No one said TRM has to be automated and for many smaller companies, it never will be, but it can still be consistent.”

## PRACTICAL GUIDANCE

While McIndoe trod some theoretical ground, another GBTA session brought TRM into practical focus for SMEs. J. Paul Getty Trust senior administration manager Valerie Ferraro, ZGF Architects associate Harmony Miller and Facebook global security executive services manager Benjamin Coleman, all of whom are on GBTA’s Risk Committee, offered do-it-now advice for anyone overwhelmed by the

idea of implementing a comprehensive TRM process, particularly SMEs.

**Start Where You Are**—Every company has a starting place for TRM. If a risk situation occurs, take a look at the most basic gap and fill that, said Ferraro. What if traveler insurance coverage really is all you have in place right now? It’s still a place to start, she said. “If there was a situation where a traveler needed to [access emergency assistance], maybe you don’t have one of the risk solution providers like ISOS but maybe you have travel insurance that covers medical. Does the traveler know who to call? Do they know which insurance carrier the company has? Do they know how to reach someone 24/7 at the travel management company? Should they call you? That all depends on what your organization is and where your travelers are going. You can teach your travelers these things in small snippets.” If starting from the very beginning of TRM, a travel manager can lay the groundwork by answering basic questions and communicating those answers efficiently to travelers and the travelers’ direct managers.

**Leveraging the “Close-Call” Event**—Travel managers won’t want to wait until travel emergencies actually occur to formulate their programs and educate their travelers, though. To this end, Miller emphasized the importance of leveraging “close-call” incidents to underscore the need

for TRM and to model responses. "It could be any kind of incident," she said, citing a plane that took off from an airport just before the airport was shut down for a weather emergency. "What if the plane hadn't gotten out? What recourse would the traveler have had?" Another example: Conference attendees left their company laptops in a meeting room while they went to the conference lunch. When they returned, their machines had been moved. What if they had been stolen, instead? Does the company have a protocol? Another example, from Ferraro, consider a traveler in a car accident who suffered a concussion that went unreported. What should the protocol have been for that type of incident?

Identifying close-call or unreported incidents might be a challenge. Cultivating an environment of open communication about travel issues should be a priority, whether it's encouraged by a traveler's direct manager, formalized through trip surveys, gathered via social media platforms or revealed by other feedback mechanisms. Upon consistently gathering information, Miller said, the travel manager likely will see patterns that should inform travel and risk policies and that should be disclosed to travelers. "We're collecting information from people and finding themes that [indicate that] travelers to a particular city have risk incidents or close calls pretty regularly, or at a particular hotel there are security concerns. We need to know so we can take action," she said.

**The Tabletop Method**—With some of the close-call or previously unreported issues in hand, travel managers can explore protocols for each situation. But they shouldn't do it alone, said Coleman. "Once you've identified the risks associated with your travelers, you'll see that it's not just a travel issue. It may involve some of the company's

other departments, such as HR, IT or compliance. You definitely want to get those stakeholders connected so you are addressing all the risk [elements] and asking all the questions because each stakeholder will look at risk from their own perspective. At that point, you can assess the risks and determine the priority, who takes charge of [which parts of] the response. All the stakeholders have a part in traveler education, risk mitigation and response procedures. They will all need to provide [the travel manager] with some of those solutions and also help to implement. A lot of it will be training, as well as policy on the back end and procedures for when something does happen."

Coleman was realistic in terms of how a comprehensive TRM strategy might come together for a small or midsize company. "Trying to do the entire program at one time may prove difficult, so [establish] pieces of it and then review those pieces so stakeholders can add to it over time."

**Revisit the Maturity Model**—As sample incidents begin to overlap and stakeholders are engaged, response patterns should emerge that give TRM continuity. Rather than responding to specific incidents, a developing TRM strategy will become proactive, and it should become clearer how it aligns with McIndoe's maturity model.

At a beginning to intermediate level, said McIndoe, travel managers should focus their activities in three key categories: Policy and training, risk review and mitigation, and response and recovery.

Travel managers and stakeholders should consider how their own response models and trainings fit into these areas and whether there is room for improvement or additional detail. For example, has the company considered different risk levels for individual travelers when it comes to training or risk mitigation? Female

**"No one said TRM has to be automated and for many smaller companies, it never will be, but it can still be consistent."**

**WorldAware's Bruce McIndoe**

travelers, for example, face heightened risk of assault when traveling, LGBTQ+ travelers are criminalized in certain countries. Is traveler and manager training in place about on-the-ground conditions for these groups, and are resources available to them? Consider that senior leadership could be more vulnerable to coordinated kidnap and ransom threats, so is on-the-ground security in place to deal with this?

On the flip side, the traveler also has responsibility toward his or her employer. While the company can put all the training, policies and response procedures in place, some onus must fall on the traveler to make responsible decisions when traveling on the company's behalf. Those requirements should be specified to all travelers.

### **THE MOST EFFECTIVE INVESTMENTS**

Many TRM elements can be low cost or no cost for an SME, but some investment will be critical. Education is one. "Training and policy is the No. 1 return on investment for TRM," said McIndoe. "If you can teach employees to make the right decisions, you have covered a lot." The other investment is risk mitigation, "whether it's immunization, secure car-and-driver—whatever has to be put in place to protect the traveler on a given trip," he added.

Will TRM ever be 100 percent effective? That's unlikely, according to Coleman, who bluntly told the GBTA audience that sometimes people are "just in the wrong place at the wrong time." But minimizing risk on the front end is certainly preferable to responding to a crisis. If SMEs can take TRM one small step at a time, though, they can put together an effective strategy for protecting their companies from liability and their travelers from harm. Whatever steps an SME takes, should an event then occur, it is better equipped to recover. ■

# What You Can Get Without Negotiating

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## AIRLINES

### AMERICAN

American's **AirPass** provides fixed rates for flights to more than 350 destinations. The point is flexibility for travelers, especially road warriors, to fly when they want, without notice if needed, or to change flights as needed. It comes with AAdvantage status, Admirals Club lounge membership, last seat availability, instant upgrades at booking when available and, for a companion, Main Cabin Extra seating, which offers extra legroom and free snacks and beverages.

The **Business Extra** loyalty program awards companies \$1 for every \$5 spent on employee travel on American, as well as British Airways, Iberia and codeshare flights on Finnair, Qantas and Japan Airlines. Employees continue to earn their AAdvantage miles in the meantime. Accounts must list at least two travelers, but there are no flight or spend minimums.

Last, the **American Express Business Extra** corporate card, with an annual fee up to \$55, earns four Business Extra points per \$20 spent on American base fares and one point for every \$20 of eligible spend on the card. It offers a rebate as high as 6 percent on the first \$1.5 million of base fare spend. The cardholder earns a \$50 flight discount for every \$5,000 charged on the card, maxing out at \$1,000 in discounts per year. Flight discounts expire in a year.

### DELTA

Delta's **SkyBonus** points program, at no cost, lets travelers earn SkyMiles points while the company earns points on each dollar spent on published fares and upgrades for Delta and its partner carriers from a North American point of sale. Accounts must spend \$5,000 per year and have at least five unique travelers. Travelers are not required to be SkyMiles members to earn their companies SkyBonus points. SkyBonus points expire on the third Dec. 31st after they're issued. SkyBonus Elite allows additional rewards and greater flexibility in redemptions. Delta SVP of global sales Bob Somers said Delta's small and midsize enterprise-focused programs have 50,000 customers and that will grow another 10,000 this year.

Delta also offers negotiated **midsize corporate agreement** discounts for a minimum of \$300,000 in annual spend on Delta, Air France, KLM, Alitalia, Aeromexico, Virgin Atlantic, Korean Air and codeshare partners. Those customers get the Delta Edge management and reporting portal, custom reporting, global sales support and dedicated sales reps, the last newly expanded to these smaller customers. Travelers under the program get basic priority.

### UNITED

United's **Propel** offers fixed discounts, from 2 percent to 6 percent to start, based on share volume. Companies must spend at least \$250,000 through United each year from U.S. and Canada points of sale, whether booked directly or through the travel management company. The discounts apply to flights with joint-venture partners Air Canada, Lufthansa Group, ANA and Air New Zealand; apply to all fare classes except Basic Economy and include last seat availability. When the program launched in June 2018, Americas sales VP Jake Cefolia said the carrier will reevaluate each client's discount every year, and discounts could hit 19 percent. United also kicks in a certain amount to spend on amenities like seat upgrades.

The offering complements United's **PassPlus** prepaid product, which lets companies preload UATP cards for use on fares and amenities. It includes 2 percent to 20 percent discounts that also work for Lufthansa Group, ANA and Air New Zealand, booked directly or through the TMC. It requires \$50,000 in annual spend—\$10,000 per the required minimum five travelers. PassPlus comes with club memberships and MileagePlus Premier membership, which includes priority check-in, access to Economy Plus seating where available and priority for upgrades. United is migrating the PassPlus program onto its Jetstream management and reporting portal, and the carrier expects that automation to help it lower that participation threshold, a move that should make it accessible to more companies.

United **PerksPlus** awards the company whenever MileagePlus-enrolled travelers fly. Companies can use those rewards on travel certificates, United Club memberships or passes and MileagePlus Gold or Silver status, or the company can convert them to MileagePlus points and deposit in travelers' accounts.

And the **United Explorer Business** card for small businesses offers two miles for each U.S. dollar spent on gas, office supply stores, restaurants and United purchases and one mile per dollar spent on other purchases. At a \$95 annual fee, it comes with a free checked bag per flight, priority boarding and two United Club passes. Account owners earn a bonus 50,000 miles if they spend \$5,000 in the first three months and another 50,000 miles if they reach \$25,000 in the first six months. Cards for employees, which contribute to the above totals, come at no extra cost. There are no blackout days or foreign transaction fees.

# BTN

BUSINESS TRAVEL NEWS

WEBINAR

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Coordinator – Travel  
ZS Associates



**RICK WAKIDA**

Global Travel Manager  
Informatica



**STEVE ISOM**

VP of Finance  
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# HOTELS

## BEST WESTERN

**Best Western Rewards Business Advantage** offers a 10 percent chainwide discount rate, which includes last room availability, within North America; the rate varies between 5 percent and 10 percent elsewhere. Also as part of the program, the company account owner is upgraded to Diamond Elite status in Best Western Rewards and receives 30 percent bonus rewards points per stay booked using the Business Advantage corporate ID. Company travelers who sign up are upgraded to Gold Elite and receive 10 percent bonus rewards points per stay.

Best Western further differentiates by giving the account owner additional rewards points per traveler stay, 10 percent of what the traveler earned, for use on future business stays or company incentives. Neither the account owner nor the travelers are required to stay for a minimum number of nights per year as long as they remain registered with Best Western Business Advantage. For both loyalty status tiers, points never expire, there are no blackout dates, redemptions for free nights count toward status and travelers receive their choice of thank you gifts upon arrival, have access to an exclusive reservations line and are eligible for room upgrades. Accounts go live within two to five business days, and the program has no annual fees.

Best Western VP of worldwide sales Wendy Ferrill said Best Western's five-person, dedicated Business Advantage sales team will work directly with interested businesses, whether that means the owner, a finance admin, an HR exec or the like. She noted that companies tend to scale out of the program into a traditional managed account when they reach \$5 million in annual spend.

## HYATT

**Hyatt Leverage** offers enrolled companies discounts of 5 percent to 15 percent off standard rates at participating hotels. Each hotel property determines the final discount. Companies must put in at least 50 stays a year using Hyatt Leverage rates, and that includes leisure stays. Travelers can get the discounted rates by using a Hyatt Leverage corporate ID while booking directly or through Hyatt reservation centers. A web dashboard allows program administrators to view traveler information, reservations and room expenses and to track total bookings and room spend. Hyatt also offers email templates to help administrators communicate with travelers about program benefits. Travelers don't need to be World of Hyatt rewards members, but members can earn loyalty points on Hyatt Leverage rates.

## INTERCONTINENTAL HOTELS GROUP

**IHG Business Edge** offers a dynamic rate discount at 95 percent of InterContinental Hotels Group's 5,656 properties. IHG also will negotiate volume discounts between 7 and 10 percent, depending on volume. Business Edge rates apply to business and leisure travel. Any rate that an SME has negotiated with a local property will rule. Each managed account comes with a dedicated salesperson, while dynamic rate users can access the self-service portal and receive support 24 hours a day on business days.

There's no sign-up fee and no minimum annual spend, and an account takes five days to process and go live. A single portal features spending and savings data, some RFP support for high-volume destinations, the ability to invite company travelers to participate, and travel booking. Travelers also can use their companies' Business Edge corporate IDs to book Business Edge rates on IHG.com, on the app, over the phone or via their travel management companies or online booking tools. Travelers must be IHG Rewards Club members, and IHG upgrades them to Gold Elite status after their first stay using a Business Edge rate. The portal also serves as a gateway to an online community of SMEs that participate in Business Edge. As an added perk, Business Edge members are eligible for a 60 percent discount on a one-year subscription to The Wall Street Journal.

Business Edge launched in August 2018 and has 7,600 corporate accounts. IHG SVP of global sales Derek DeCross said the program is in account-acquisition mode, too. Meanwhile, IHG's small meetings team is working with the Business Edge team to integrate.

## RADISSON

Radisson Hotel Group's **Radisson Rewards for Business** allows travel arrangers to access discounts of as much as 10 percent and to earn 10 points for every U.S. dollar spent on others' bookings. Travelers also can earn 20 Radisson Rewards points for every U.S. dollar spent on rooms, food and drink at participating hotels and can register to upgrade to Silver status after three stays.

# BTN

BUSINESS TRAVEL NEWS

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U.S. Index | 2017

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City	Avg Hotel Cost Across Selected Tiers	Avg Car Rental Cost Across Selected Classes	Total Cost for Selected Meals	Total Daily Cost	YOY Change
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Albany, NY	\$162.91	\$46.23	\$55.73	\$304.92	-2.30%
Albuquerque, NM	\$122.03	\$48.10	\$86.53	\$256.67	2.44%
Allentown, PA	\$152.32	\$40.88	\$89.96	\$283.05	1.96%
Anaheim, CA	\$190.14	\$42.98	\$103.21	\$336.33	-0.36%
Atlanta, GA	\$178.78	\$48.08	\$106.37	\$328.19	0.11%
Austin, TX	\$188.43	\$52.75	\$102.12	\$343.31	0.52%
Bakersfield, CA	\$121.21	\$42.13	\$85.47	\$248.81	1.69%
Baltimore, MD	\$186.78	\$43.96	\$109.50	\$340.25	0.13%
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## CONCUR HIPMUNK

**Concur Hipmunk**, targeted for lightly managed travel programs, combines technology from Hipmunk, which Concur acquired in 2016; Concur Expense; TripLink; and Triplt Pro. It includes discounts on air, hotel and car rental bookings. Partner suppliers include American Airlines, Avis, Getaroom, Hotels.com, Hyatt, InterContinental Hotels Group, Priceline, United Airlines and Vayama. A Hipmunk discount for air, car rental or hotel is marked in the booking channel by a suitcase icon next to the search result. The benefits depend on suppliers' offerings. One airline might offer a discount in a certain market to gain market share, for example, Concur told BTN when it launched the product in 2017.

## CAR RENTAL COMPANIES

### AVIS BUDGET GROUP

The **Avis for Business** program gives small businesses 30 percent off base rates, accessed via an Avis Worldwide Discount number the account owner can share with the company's employees. The program also offers a reward day for every 15 completed rental days, access to the Avis for Business member site to view rental activity and track rewards, free Avis Preferred membership and a customer service team available by phone or online. Additionally, a business account owner receives a reward day after the first completed rental and double rewards during the first 90 days of membership.

### HERTZ

**Hertz Business Rewards**, which serves programs with \$100,000 in annual car rental spend, offers a free rental day for every 15 paid rental days booked with an HBR Corporate Discount Program Number. Enrollment is free, and new accounts receive credit for 10 paid days to start. Credits also are doubled for the first 90 days. Rentals around the world count toward reward days, but certificates for free rental days can be redeemed only at U.S., Canada and Puerto Rico locations. A portal, available within 48 hours of enrollment, allows the account owner to track rental days. The company's travelers will receive free status as Hertz Gold Plus Rewards members. Travelers that book—or travelers whose agents book—Hertz Business Rewards discounted rates using their company's program number receive Premium Emergency Roadside Assistance, which reduces the business' financial liability, according to Hertz's website. Starting Sept. 15, the roadside assistance benefit applies only to rentals from Hertz airport offices. Colleagues also become authorized drivers for the vehicle when a company traveler books using the company's program number. For Business Reward renters, Hertz also waives the late return fee and the fee for returning to a different location.

## CREDIT CARDS

### AMERICAN EXPRESS

The **American Express Business Platinum Card**, with a \$595 annual fee, offers business owners five Membership Rewards points for every U.S. dollar spent on flights and prepaid hotels booked on amextravel.com. It also provides a \$200 credit for one airline for baggage fees and other ancillaries. Cardholders earn 1.5 points per dollar spent on purchases of \$5,000 or more and one point per dollar on all other purchases. During the first three months, cardholders earn 50,000 points for the first \$10,000 spent on qualifying purchases and another 25,000 points for the next \$10,000. When the cardholder uses points to book qualifying airline purchases on amextravel.com, 35 percent of the points are returned. The card charges no foreign transaction fees and offers one year of Platinum Global Access to WeWork, access to the American Express Global Lounge Collection airport lounges, credits for Global Entry and TSA Precheck, Marriott Bonvoy Gold Elite status and Hilton Honors Gold status.

The **American Express Business Gold Card**, with a \$295 annual fee, offers four points for every U.S. dollar spent on the two categories on which the company spends the most each month, based on the first \$150,000 each year. The six categories Amex tracks for this purpose are airfare purchased directly from airlines; U.S. restaurants; U.S. advertising on TV, radio or web; U.S. gas stations; technology purchased directly from U.S. hardware, software and cloud providers; and shipping in the U.S. The account manager enjoys the same points-earning model from purchases on employees' cards. When cardholders use their points to book qualifying airline purchases on amextravel.com, 25 percent of the points are returned, maxing out at 250,000 points back per calendar year. Reporting at the end of the year categorizes spend by month and purchase type.

### U.S. BANK

U.S. Bank's **FlexPerks Corporate Rewards** allow corporate cardholders to earn one FlexPoint per U.S. dollar spent. As an example of what that buys, 20,000 FlexPoints can be redeemed for any airline ticket up to \$400. It works on 150 airlines with no blackout dates, thousands of hotels, most major car rental companies and merchandise and gift cards. A company can allow employees to earn and redeem points or can pool points for the company to use, whether as rewards, rebates or a combination. FlexPoints costs \$80 a year for each card and works with U.S. Bank's Corporate Travel Card, Executive Card, Executive Platinum Card and One Card.

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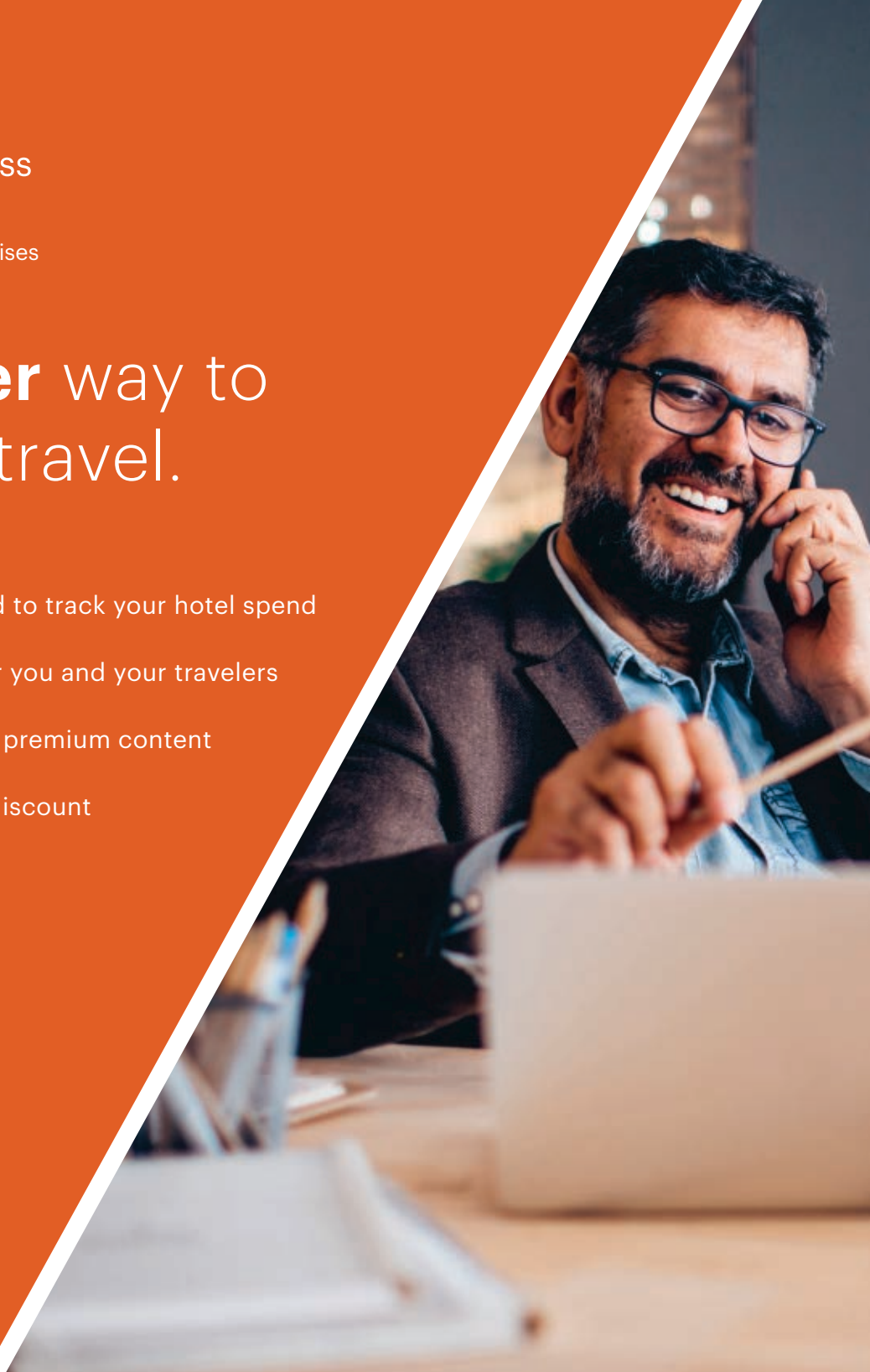
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