

BTN

BUSINESS TRAVEL NEWS



Reason #100

Access everything through the cutting-edge United Jetstream portal.

Reason #99

One of the world's most comprehensive route networks.

Reason #98

Flexible pricing models that change with your business.

Reason #97

Unparalleled luxury with United Polaris®.

Reason #96

The best way to book travel for corporate meetings.

Reason #95

Dedicated support for every customer.

Reason #1

We make you our #1 priority.

**There are a hundred reasons that
make United® a better business airline.**

And they all come from dedicating our business to working for your business.

Choose United as the #1 airline in the BTN survey at united.business/flyhigher

BTN

BUSINESS TRAVEL NEWS



TRANSPORTATION

The GDS will be just one part of Southwest's corporate business strategy. President Tom Nealon addresses that, international service & more.

PAGE 22



VOICES

SAP Concur's A.G. Lambert writes about how artificial intelligence reconciles the needs of businesses & their travelers.

PAGE 28



TRANSPORTATION

Virgin Atlantic's Yuli Thompson discusses plans to align further with Delta & addresses sustainability & carbon offsets.

PAGE 23

TOP STORY



BTN'S 2019 TRAVEL MANAGER OF THE YEAR

Forging a New Model

ZS Associates travel operations manager Suzanne Boyan has pulled apart the pieces of the consulting firm's traditional travel program and is reconnecting them in new ways. A travel management company no longer will function as the program hub but rather will participate as a piece of an omnichannel strategy. A data management system collects and redirects multiple data streams to the providers chosen by the travel manager to support rate monitoring, traveler service, disruption management and duty of care. Boyan is pushing for 50 percent of all ZS's bookings to go through direct supplier sites, including air and hotel bookings. There is still room for the TMC in this model, and Boyan has sourced a partner who is on board with her strategy. Industry experts have predicted that the role of travel program architect will emerge. Is Boyan the bellwether?

KEEP READING ON PAGE 10

TRAVEL BUYING & ETHICS: PART THREE

Travel Buyers' Role in Protecting & Advancing Human Rights

BY AMON COHEN

Can travel buyers advance human rights? Maybe. In March 2019, actor George Clooney called for a boycott of the Dorchester Collection of hotels, which includes The Dorchester in London and The Beverly Hills Hotel and Hotel Bel-Air in Los Angeles. The group is owned by Brunei Investment Agency, the sovereign wealth fund of Brunei, whose sultan had made homosexual activity punishable by stoning to death. According to various sources, at least nine financial services companies with combined business travel spend that runs to the billions of dollars joined the boycott over the next fortnight. By the beginning of May, the sultan had backtracked, extending a moratorium on execution to cover the new legislation.

This story proved a rare example of businesses viewing their travel programs through the lens of ethics. Other cases in recent years include canceled conventions in North Carolina in response to the state's "bathroom bill," which excluded gender identity and sexual orientation from antidiscrimination protection. Meanwhile, a U.S.-based travel manager requesting anonymity told BTN: "Uber went through a lot of reputational issues a few years ago. We made a decision we didn't want to be associated with that and pulled them out as an allowed vendor. Uber is back in now because it went through due diligence, including responding to sexual harassment issues and changing its CEO."

CONTINUED ON PAGE 7

What's Inside

3 ON THE HORIZON

- Southwest will put content on global distribution systems

20 LODGING

- Travel buyers gain power for hotel RFP season

21 MEETINGS

- Hotel companies' investment in meetings sourcing platform raises antitrust concerns

24 PAYMENT & TECHNOLOGY

- The EU's deadline for new payment authentication has arrived

26 MANAGEMENT

- BCD Travel acquires Adelman
- Reed & Mackay acquires Business Travel Direct

4 | On the Record



United's Scott Kirby on growing domestic capacity out of the carrier's hubs, a move that faced skepticism

"People have said for decades ... that United has these great hubs and all this great opportunity and never realized it. The reason was: They didn't really grow the hubs."

6 | Data Hub

Young Professionals' Preferences in Meetings Travel



73%

have better experiences when they spend free time on their own.

What makes a buying experience **exceptional?**

“Knowing you have a partner who puts quality above everything else and takes time to help you develop the best win-win strategy.”

Illari
Team Leader & TMC Manager



More than 5,700 hotels with meeting space in the most locations worldwide
www.ihgb2b.com

IHG[®] Hotels & Resorts

KIMPTON[®]
HOTELS & RESTAURANTS

Regent

HOTEL
INDIGO

CROWNE PLAZA

HUALUXE
華邑酒店及度假村

Holiday Inn

Holiday Inn
Clubs
Vacations

IHG[®]
Rewards
Club

INTERCONTINENTAL

VOCO

STAYBRIDGE
SUITES

CANDLEWOOD
SUITES

avid

EVEN HOTELS

Holiday Inn
Express



Southwest Will Put Content on GDSs

BY JAY BOEHMER & MICHAEL B. BAKER

Southwest Airlines at long last will provide content and full booking capabilities in global distribution systems via agreements with Travelport and Amadeus. They expect content to be ready for bookings by mid-2020.

The agreements will bring “the highest level of participation” within Travelport and Amadeus, according to Southwest, and will enable buyers and agents to book, change, cancel and modify reservations through the GDSs. “There will be some content that’s not in the GDS,” Southwest chief revenue officer and EVP Andrew Watterson said. “Our everyday low fares will be in there and the business-relevant content, but it will not be 100 percent.” Still, Watterson said you’d have to have an “eagle eye” to spot what’s missing in the GDS when Southwest goes live. Southwest stressed there will be no carrier- or GDS-imposed fees to agencies or buyers when booking through the GDSs.

Southwest’s participation in Amadeus and Travelport will extend only to agencies booking at the U.S. point of sale. The carrier will handpick which travel management companies get access. It remains firm about not opening up to online travel agencies. For Southwest, it’s all about the business customer. “We made the decision to invest in this channel and eliminate a lot of the friction in the market and go out with industry-standard capabilities,” said Southwest senior director of B2B strategy Rob Brown. “This is in direct response to customers who for years told us the GDS is their preferred channel to book their business travel. They wanted us to get better in those channels.”

Southwest also is partnering with Airlines Reporting Corp. to implement processes for reporting and settling tickets booked through those channels. Southwest and ARC already have been working on the project for nearly a year, ARC VP of airline retailing and settlement Chuck Fischer said. “They haven’t been the easiest airline when it comes to access to content, with a very ‘come to me direct’ strategy, and they’re willing to be easier to do business with,” Fischer said. “It’s access to content for the corporate buyers and agencies that’s streamlined right into their process.”

Southwest’s Three-Legged Stool

Southwest president Tom Nealon said the GDSs are the “third leg of the stool” in Southwest’s distribution strategy for business travel, the other two being direct channels and the Swabiz booking tool. Southwest has been investing in both of those other “legs,” as well,

including new capabilities added to Swabiz this year and joining ATPCO and SITA’s NDC Exchange platform. Southwest has rolled all those approaches and its recently revamped sales team into a newly named Southwest Business umbrella. Brown said Southwest is rounding out a “TMC relationship team” that will be “intentional about building relationships with those partners.”

Nealon said, “We have a great business product, but we’ve been harder to do business with in terms of how you book, transact and settle. The shift away from our [Basic Booking Request] and the basic approach to an industry-standard GDS is important.”

Southwest’s move to an Amadeus-based reservations system a few years ago from what Nealon called “the old cowboy system” was a big factor in enabling the new strategy. “We

“This is in direct response to customers who for years told us the GDS is their preferred channel to book their business travel. They wanted us to get better in those channels.”

—SOUTHWEST’S ROB BROWN

could have [with the old system] worked very hard for a very long time and spent a lot of money and never really gotten to a real industry standard, only a kind of variant,” he said. “We had the opportunity to really go industry-standard GDS with full participation level with the Amadeus” passenger service system.

Southwest projects that the GDS presence will bring between \$10 million and \$20 million in additional revenue during the second half of 2020, and Nealon said that estimate is likely conservative. “We’re going to bring the Southwest effect into the GDS,” Nealon said. “We’re going to compete hard and compete to win.”

Could that also include participation in other GDS platforms? “We’re pretty happy with the two we have, and if there are more interested, we’re certainly willing to talk,” Nealon said.

Southwest has a low-cost identity. The GDS is regarded as a high-cost channel. How does the carrier square those? “On the business-to-business side, the decrease in friction that we see in satisfying our corporate customers is worth the incremental costs of the GDS bookings,” said Watterson. “For business-to-consumer, it would not be worth the cost.”

Watterson looks forward to Southwest’s fares competing on the same screen and on equal footing with airline competitors in the corporate market. “This is a chance for us to compete on price in a marketplace where we have lower costs,” he said.

—Contributions from Jay Boehmer were originally published in *The Beat*, which like *BTN* is owned by Northstar Travel Group.





United President Charts Path Beyond Recent Growth

“We’re not only going to be the best airline in the world but the best airline in the history of aviation,” said United president Scott Kirby, who joined about three years ago from the same role at American. It’s a bold pronouncement, but Kirby has developed a reputation as an executive who understands metrics and growing revenue, areas where United has seen some recent wins. Speaking with BTN transportation editor Michael B. Baker, he laid out his road map for that assertion.

THERE WAS SOME SKEPTICISM WHEN YOU ANNOUNCED PLANS TO GROW DOMESTIC CAPACITY OUT OF YOUR HUBS. HOW HAS IT PLAYED OUT SO FAR?

We talk about the growth plan a lot, but it’s been a much bigger plan than growth. Growth was our 2018 plan. 2016 was about rebuilding the culture with [new CEO] Oscar [Munoz] getting the trust of employees. 2017 was about running a great operation because you can’t embark on growth until you are reliably running. People have said for decades, as long as I’ve been in the airline industry, that United has these great hubs and all this great opportunity and never realized it. The reason was: They didn’t really grow the hubs. While Wall Street reacted negatively, we were highly confident, and it’s been gratifying to see it work so well so fast and also to see that the operation continues to run well. Switching from a no-growth mode to a growth mode is not easy, and our ops team did a great job. Employees feel good about the future.

SO WHAT IS THE 2019-AND-BEYOND PLAN?

We’re going to continue doing the things we’ve done: the cultural engagement, the operations. We have a lot of cool ideas that won’t happen overnight, but it’s doing things like being able to keep the operation running when today the operation closes. What can we do to run even in inclement weather that today shuts down the operation? Moving forward, it’s more about changing the customer experience. Some of the down payments on that are the [Bombardier] CRJ550 and the investment in all the corporate preferred programs: PassPlus and our new meetings programs. As important as all that is, what we’re doing with our employees [also is important]. We’re spending a lot of money this year to bring 25,000 flight attendants to Chicago for an event that’s an event, not training. It’s fun and meant to inspire them; it’s really meant to be focused on customer service.

TRAVEL BUYERS’ SCORES FOR UNITED IN BTN’S AIRLINE SURVEY LAST YEAR SHOWED IMPROVEMENT. WHAT ARE YOU HEARING FROM YOUR CORPORATE CUSTOMERS?

We hear the same thing: not perfect, but significant improvement. What I hear most from corporate customers or Global Services customers has been three things. Almost all of them will say something about the operating reliability, that they can tell the difference. The most significant: They almost always say they feel



United’s Scott Kirby talks:

- Changing gears to growth mode
- Metrics in Wi-Fi improvement
- Taking on the American-Latam juggernaut

“We have a lot of cool ideas that won’t happen overnight, but it’s doing things like being able to keep the operation running when today the operation closes. What can we do to run even in inclement weather that today shuts down the operation?”

different with the employees in the way they interact with customers. The third has been a criticism, but I’m to the point where we have a better response. That’s been about Wi-Fi. We’ve made huge investments. I’ve told the team that money is no object when getting Wi-Fi. It’s not great anywhere in the world, but we’ve made huge improvements. The take rate last quarter was up 27 percent. The number of issues or refunds are down 65 percent. Resetting the systems, when a flight attendant has to reboot the system, is down 67 percent year over year in the month of July. We listen to that feedback. Overall, it’s really quite positive.

WHAT’S THE FOCUS OF YOUR GLOBAL PARTNER STRATEGY?

The overarching strategy is to provide a better product to our customers, get them places that we can’t get them and get them more options to use their frequent-flier program. We have a great set of partners around the world. Star Alliance definitely has the best hubs; Frankfurt is the best in Europe, Narita and Beijing in Asia. We just have some incredible partners. South America is the area where the American and Latam partnership, because of their size, has been bigger. We have a long history with Copa, a phenomenal partner and not as recognized around the world. They are one of the best operators in the world, and Pedro [Heilbron] has to be one of the most underappreciated CEOs in aviation—what he’s done to build that airline. We have a great partnership with Azul, as well, and getting Avianca stitched into that. We’ve announced [the joint business with Copa and Avianca], but we haven’t filed. It will be sometime this year. That four of us combined can really take a run at the American-Latam positioning.

HOW IS THE ROLLOUT OF POLARIS BUSINESS CLASS?

On average, one airplane is getting converted every 10 days. We wish it could be even faster. The only negative on Polaris from the customer is, “Why isn’t my airplane done yet?” We’ve also expanded the Polaris footprint by taking 17 [Boeing] 767s and putting ... more business class seats on those airplanes for premium markets. Eighty-five percent of the people flying business class to the United States from overseas are coming to one of United’s seven hubs, which puts us in a unique position of being the airline that is in a natural leadership position for developing products for international business class and business travelers in general. We’re also doing it with the CRJ550, which is the other end of the spectrum but will be a unique premium product for smaller markets.

WHAT’S YOUR STRATEGY RELATED TO NEW DISTRIBUTION CAPABILITY STANDARDS AT THIS POINT?

We want to be on every shelf for however a customer wants to access it. From a technical perspective, NDC is going to create products and access that aren’t possible through the traditional distribution channels. We view NDC as an enabling tool to offer more products and services to the customers that want them. We don’t view NDC as a way around the distribution channels. The technical capabilities of NDC are just going to allow features and products that we’re going to roll out that if you don’t have NDC or access to NDC from some channel, you’re not going to be able to sell them. We view it as mostly about being able to sell more products and offer more service ■

Where Business Meets Benefits



Join the Turkish Airlines Corporate Club and receive exclusive member benefits.

Business travel, meet perks. With Turkish Airlines Corporate Club membership, corporate travelers enrolled in the exclusive program receive special perks and benefits. And, there's nothing to pay and no commitments, making this a value-added program you should join today.

FRONT END DISCOUNTS

As a member of Turkish Airlines Corporate Club, you will receive exclusive front end discounts on fares for to/beyond Turkey travel. There's also the option to earn free tickets if you meet an annual flight quota and the opportunity to earn upgrades.

BAGGAGE ALLOWANCE

Ease worries about fitting all the necessities for your business trip as a Turkish Airlines Corporate Club member. Enjoy an enhanced baggage allowance on international flights.

FLEXIBILITY

As all corporate travelers know, changes happen. As a member, you will have the flexibility to change flight routes and dates for

all flights to/beyond Turkey. There is also no penalty for cancellation or no-show for almost all booking classes.

TURKISH AIRLINES CORPORATE CLUB CARD

With your membership card, you can check-in through business-class counters and gain access to lounges even when flying in economy. Additionally, you still earn Miles in your Miles&Smiles frequent flyer account.

Don't hesitate. Find out more on how business meets benefits with the Turkish Airlines Corporate Club. Benefits vary by country.

Apply today at:

corporateclub.turkishairlines.com





Young Professionals' Preferences in Meetings Travel

Edelman Intelligence, on behalf of Hilton Hotels & Resorts, in June surveyed more than 1,200 U.S. professionals from the ages of 23 to 35, each of whom stayed in a hotel while attending a business meeting in the previous 12 months.

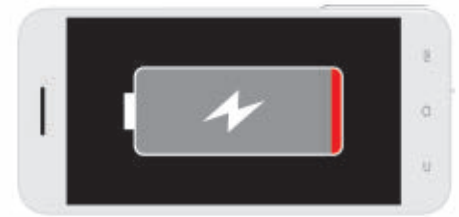
92% prefer meeting spaces with natural light/windows.



58% would rather sit through a day of meetings without coffee than in a meeting room that is really cold.



34% have had their devices die with no access to chargers.



29% have had to start meetings late due to tech issues.



73% have better experiences when they spend free time on their own.



HOW THEY SPEND THEIR DOWNTIME

38% spend time with other meeting/event attendees.



69% eat at local restaurants.



38% catch up on work emails/phone calls.



35% work out.



59% explore the city or neighborhood in which they're staying.



CONTINUED FROM FRONT PAGE

Travel Buyers' Role in Human Rights

Because corporate customers helped achieve change by, in the case of the Dorchester Collection, weaponizing their spending power, it might seem churlish to probe deeply into their actions. Yet, if companies are to be serious and consistent about human rights when buying business travel, the actions necessary are more complicated than a one-off boycott of a hotel company with nine properties owned by a ruler who presides over only 430,000 subjects.

Here's just one example. According to LGBT campaign group Stonewall, 72 countries criminalize same-sex relationships and eight consider them capital crimes. Those eight include Saudi Arabia, whose sovereign wealth funds or royal family members are substantial shareholders in several of the world's leading hotel groups.

Or what about China, another country with extensive ownership of hotels and other businesses in the travel industry? Numerous reports have revealed that China has effectively transformed Xinjiang, home to its Muslim Uighur population, into a prison state. One of the financial services companies that boycotted Dorchester has an exchange-traded fund that owns stock in the Chinese security camera companies whose technology makes Xinjiang the most surveilled place on Earth. That Dorchester boycotter gave a "buy" rating to one of the security camera companies in part because the company would benefit from the Chinese government's "safe country" project for the region.

Many of the same companies that boycotted Dorchester have offices in Saudi Arabia and China and so naturally travel to those countries for business.

Steve Dunne, CEO of Digital Drums, a PR company serving travel and other companies, warned that businesses should avoid "making up policy on ethical issues on the hoof. Companies need to have an [offsite] day and decide what they stand for. If you're not acting consistently across the brand, you're starting to look like an opportunist or a hypocrite. If you do something right, then in the old days, that would have generated good headlines, but increasingly, you're only a couple of keystrokes away on Google from when you did something else that was contradictory."

According to Peter Frankental, economic relations program director of Amnesty International, the Dorchester boycott achieved a good outcome and "it's very positive that companies should be taking a stand on human rights." Yet he added, "In the Dorchester case, it would be hard to argue that boycotting those hotels would directly address a human rights situation directly related to those hotels' commercial activities."

BTN asked Frankental about the controversial views of Donald Trump on race, women, the far right and other issues. Trump is president of the U.S. and founder of real estate company The Trump Org., which owns hotels among other assets. Frankental said, "We wouldn't take a view on whether a company should boycott a hotel because of its owners' views." This was indeed the argument made by Dorchester itself. "We don't tolerate any form of discrimination, we never have and we never will," the hotel group said in response to the boycott. "Our values are far removed from the politics of ownership."

Jafles Pacheco—global category leader for travel, logistics and professional services for technology group Oerlikon and a speaker on LGBTQ travel issues—had mixed feelings about the Dorchester boycott for similar reasons. "Boycotting is always a powerful way of influencing a business to

do other things. If it doesn't hurt them in the pocket, they aren't going to change," he said. "However, the Dorchester boycott seemed unfair for the group's employees. They aren't LGBT enemies. But there was a good outcome."

The problem is the lack of an ethical or theoretical framework to help travel managers engage coherently on human rights issues. "We should not be putting profits ahead of human rights," said the travel manager whose company dropped and then reinstated Uber. "The majority of people want to do the right thing as long as they know what it is." But the buyer acknowledged having no best practice precedents to make this aspiration a reality. "It's something we need to look at collectively," the travel manager said. "We have a supplier performance program where we check their financial and performance records, but we don't check their human rights record. That's something we should be looking at, but we also need to work as an industry on what the right questions are and how we decipher the answers we receive."

Travel managers, in addition to looking to each other, need help from their employers. "Organizations should have an overarching position on where they are with ethics," said Carolyn Pearson, CEO of Maiden Voyage, an organization specializing in safety for diverse travelers. "It's not limited to procurement and certainly not just travel procurement."

Another source is global ethics protocols. Amnesty's ethical business strategy starts with the United Nations' Guiding Principles on Business and Human Rights, published in 2011. It states: "The responsibility to respect human rights requires that business enterprises: (a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts."

As one kind of business relationship the document lists an organization's relationships with "entities in its value chain," though an organization also must consider proportion, the severity of impact. The principles also state, "Business enterprises need to strive for coherence between their responsibility to respect human rights and policies and procedures that govern their wider business activities and relationships. This should include, for example, policies and procedures that set financial and other performance incentives for ... procurement practices."

In the context of business travel, Frankental's interpretation is that, rather than boycotting suppliers based on owners' stances, an ethical approach would worry first about travel suppliers with human rights questions of their own. Amnesty, for example, has challenged commercial airlines that have flown deported asylum seekers out of the

First Steps for Travel Managers

1. Develop a coherent strategy instead of giving knee-jerk reactions.
2. Read the United Nations' Guiding Principles on Business and Human Rights.
3. Familiarize yourself with your organization's policies and due diligence processes on human rights.
4. Review your travel program, including your preferred supplier list, and identify red flags for review under the due diligence process.
5. Communicate your company's human rights policy to potential and existing suppliers.

CONTINUED ON PAGE 8

TRAVEL BUYING & ETHICS

U.K. accompanied by private security guards who are ill-trained in restraint techniques.

“Labor rights would also be a more direct issue, such as the condition of workers building the hotels your travelers are staying in,” said Frankental. The Business & Human Rights Resource Centre has published allegations of sustained failures to protect migrant labor in the hotel industry in the UAE and Qatar, where workers regularly die in the construction of buildings. These countries’ *kafala*, or sponsorship system for controlling migrant workers, allows employers to retain employees’ passports, and there are numerous reports of withholding paychecks and of employees permanently indebted for the cost of arranging contracts, visas and travel. Another campaign group, Human Rights Watch, has alleged that leaving a job without permission in some Gulf states can mean fines, prison or deportation for “absconding.”

Although Qatar and the UAE have introduced some legal reforms over the past couple of years, the Business & Human Rights Resource Centre alleges that employers often overlook these reforms in practice. Abuses continue, the center said, passing the buck for responsibility among brands, property owners and labor contractors.

Frankental urged travel buyers to make themselves aware of other potential abuses. He pointed to Sri Lanka, which, following the Boxing Day tsunami of 2004, developed tourism on coastal land previously leased to local populations. Another issue, he said, is hotels using “water supplies that have an impact because they are not available for irrigation of crops or local people. If a company benefits from human rights violations, then that would be seen as being complicit. You have a responsibility to do your own due diligence with regard to how travel activities might relate to human rights abuses. Just by asking questions of hotels about how they treat their migrant workers, you are making a statement that this is an issue.”

At a travel agency conference in Australia this year, Karsten Horne, CEO of travel management company Reho Travel, suggested agents should ask hotels how they give back to local communities and whether they offer fair pay structures and opportunities for all employees. “Imagine the effect that would have on companies wanting to be selected as preferred suppliers,” he said.

Reho is the only TMC in the world to be certified by B Corporation, an organization that recognizes companies that “meet higher standards of social and environmental performance, transparency and accountability.” Reho’s progressive practices include investing 10 percent of its profits in a community bank in Malawi that makes small, affordable loans. Horne acknowledged that Reho received B Corp. accreditation mainly for “the way we’re running a business that happens to be a travel business.” He is also acutely aware that running an ethically conscious

CONTINUED FROM PAGE 7

First Steps for Travel Managers

6. Ask suppliers to state their human rights policies in detail, e.g., how they treat migrant workers.

7. Support suppliers with positive records of respecting employees and local communities.

8. Press internally for a refuse-to-fly policy.

9. Advise employees about increased risks based on identity and how to mitigate those risks.

10. Engage with a focus group of female travelers and members of your company’s gay pride network and external campaign groups to see what more you can do.

travel company is fraught with moral complexity. “If you start picking at it, you’d probably rule out half the world,” said Horne. “It gets hard. There’s no doubt we’re going to contradict ourselves.”

Reho joined several travel agencies in a boycott of Royal Brunei Airlines, but, said Horne, “we also look at opportunities to support an airline or hotel doing good things—for example, a hotel offering [transportation] in electric cars. We would like to see an industry where customers are choosing an airline for its low fuel consumption or a hotel in the developing world for its labor practices.”

Over at Oerlikon, Pacheco has taken two important practical steps, including one advocated by Horne. “We have started including human rights questions in RFPs this year, such as asking the supplier what it does to accommodate the needs of minority populations. I’m curious to see what the answers will look like. It raises awareness with suppliers that this is important.” The second, he said: “You should respect your travelers if they want to boycott a hotel. We give flexibility to employees to decide according to their conscience.”

By his own admission, Pacheco is only in the foothills of figuring out how, as a buyer, he can engage with human rights issues, but he has made a start. Will more travel managers follow? In Dunne’s view, they will have to. “People will increasingly take a look at companies’ supply chains, and businesses are going to have to pay attention to corporate social responsibility in a way that will no longer just be lip service, especially if they want to attract young talent. A generation is coming through which is concerned about the behavior of the brands they are joining, not just how much money they are paid. People want to work for companies that are responsible, and that includes being more mindful of what they are buying.” ■

Protect Your Travelers’ Human Rights

Business travelers’ human rights, and indeed their safety and liberty, could be compromised when they visit countries that discriminate on sexuality, gender, ethnicity or religion. Awareness of this risk is low, according to Maiden Voyage CEO Carolyn Pearson. “I’m astonished at the number of travel professionals who aren’t aware of the countries in which homosexuality is illegal or even punishable by death,” she said. For Pearson, the key to safeguarding travelers is for companies to educate themselves and then their travelers about risks from discriminatory attitudes. The next steps are to allow employees not to travel, and, equally important, to make it clear there will be no adverse consequences for declining.

“Some companies won’t allow their travelers to avoid destinations even though the risk to them is increased,” said Pearson. “Organizations should let it be known that if employees have concerns, they don’t have to go. There may be people who don’t want to visit countries because of the way they treat

women. In some parts of the Middle East, if you are subjected to sexual assault, you could be imprisoned for it. Female business travelers aren’t necessarily voicing those concerns because they have fought hard to win promotions and may think this is another reason for employers not to give them those opportunities. I believe some travel managers don’t have any inkling of these concerns.”

One who is aware is Oerlikon global category leader for travel, logistics and professional services Jafes Pacheco. “Travelers have approached me or human resources asking if it’s safe. There has to be a discussion between the traveler, the head of health and safety for that business, HR and their line manager. A group decision is taken about incurring that risk. We will explain about taking care if they do go or give them the opportunity not to travel.” The same right to refuse also exists at Care USA, a charity for which avoiding countries with discriminatory attitudes is nigh on impossible. “It’s challenging because we work in 93 countries to achieve our mission of saving lives, defeating poverty and achieving social justice,” said travel and administrative services manager Ellen Moens. “Individual staff can choose not to travel to any country. Duty of care procedures are in place to support our travelers globally.”

TOGETHER, WE'RE PARTNERS IN PRIORITIZING YOUR TRAVELERS.

Corporate Priority benefits are now on Virgin Atlantic, Aeromexico, KLM and Air France. Just one more way we're working toward a more seamless global experience to help your travelers succeed.

#1
IN A ROW
DELTA AIR LINES
BTN
BUSINESS TRAVEL NEWS
2018 ANNUAL AIRLINE SURVEY



KEEP CLIMBING





2019 TRAVEL MANAGER OF THE YEAR



**SUZANNE BOYAN'S
BOLD EXPERIMENT
COULD HERALD
CORPORATE
TRAVEL'S NEW ERA**

BY ADAM PERROTTA

The term “game changer” gets bandied about so frequently these days that it’s frankly lost much of its meaning. But the corporate travel initiative led by ZS Associates travel operations manager Suzanne Boyan, BTN’s 2019 Travel Manager of the Year, embodies that description in the truest sense.

Boyan’s project is fundamentally transforming travel for ZS, a consulting and professional services firm with nearly 7,000 employees and global operations. But it also could serve as a proof of concept for an entirely new managed travel model, one in which corporate travel managers can leverage direct supplier connections and innovative service providers to tailor a travel program to their organizations’ unique needs.

Straight to the Source

“We just didn’t find value in the GDS model of booking travel,” said Boyan, explaining the rationale to shift the travel management company out of the center of her program. In a typical travel program, the TMC serves as a link to content offered through global distribution systems. Plus, it has access to service and reporting on those bookings.

In late 2017, Boyan began reimagining ZS’s managed travel program from the ground up, looking for an approach that would improve the travel process for employees, while maintaining data visibility and other essential controls for its travel department. Instead of going the GDS/TMC route, Boyan reasoned, ZS’s travelers could get access to an equivalent level of content by going directly to the suppliers themselves, with the added benefits of greater freedom of choice; a consumer-like booking experience; and the ability to leverage loyalty programs, which are challenging to factor into corporate travel policies, despite the significant savings they can offer.


After a small pilot in 2018, ZS has rolled out the program in stages this year. The ultimate goal is to shift 50 percent of air and hotel booking volume to direct channels rather than through a TMC. Boyan has deployed the initiative throughout ZS’s 10 U.S. offices. Around 300 employees signed up from among the company’s 700 road warriors. Participants aren’t

required to book direct and can still use the company’s TMC, but the program already is driving 10 percent to 15 percent of ZS’s bookings through direct channels each month, according to Boyan, who has a clear set of plans to grow that footprint further.

LET'S TAKE A MOMENT TO RECOGNIZE OUR AMAZING CLIENTS!


CONGRATULATIONS

CAT HERDERS




BTN
TRAVEL MANAGER
OF THE YEAR
2019

Suzanne Boyan
ZS ASSOCIATES



GBA
DIRECT MEMBER
OF THE YEAR
2019

Trish Earles
HALLIBURTON



GBA
PRESIDENT'S
AWARD
2019

Karen Hutchings
EY




BTN
BEST
PRACTITIONER
2019

Steve Sitto
TESLA



MANAGING TRAVEL IS LIKE HERDING CATS!

These award-winning travel managers have figured out how to do it. Join them in the hotel program revolution.



www.tripbam.com | +1 833 TRIPBAM



2019 TRAVEL MANAGER OF THE YEAR

How It Works

The program employs a direct connection with United, undergirded by the airline's integration with data aggregator Traxo, which funnels back to ZS all bookings ZS travelers make directly with United. Travelers book via their United MileagePlus accounts and indicate that the trip is for business, and thus the data flows back to ZS whether a corporate or personal email is tied to the account. Travelers are free to book other airlines but must go through the traditional TMC channel to do so. Meanwhile, ZS's hotel guidelines offer travelers similar freedom. Aside from one or two preferred properties near some ZS offices with which the company has direct billing relationships, travelers may book directly at any property they choose, and the company captures those bookings via email confirmations using Traxo Filter. In this case, only bookings made via corporate email address are captured.

Direct booking fulfills a major tenet of the program's goal, offering a superior experience for travelers compared to booking through a TMC, according to Boyan. "The traveler gets a booking experience that's more like what they're used to and [what they] enjoy from the consumer side,

"I FEEL REALLY FORTUNATE TO BE IN THE POSITION I AM TODAY, WITH THE CURRENT TECHNOLOGY LANDSCAPE." SUZANNE BOYAN

specifically on an app," she noted. "No one is going to invest as much money into a mobile app than the suppliers because they have the most to gain from it. TMC apps are not that great in comparison and don't have all the functionality and ancillaries that travelers want."

Meanwhile, enabling travelers to leverage loyalty programs via direct booking not only makes for happier travelers but also may lead to savings in the form of perks like free Wi-Fi or breakfast, Boyan noted. "If a traveler is Platinum Elite at Marriott, they'll get much better benefits than I can negotiate, probably, from another brand." Direct booking also reduces ZS's TMC service fees and has given the company greater leverage in negotiating rates with United. The airline gains margin on direct bookings because there are no GDS fees.

While United is the only airline on board at the moment, ZS is talking with other carriers. Boyan said she'd be eager to expand the direct connect strategy to hotels, as well. She noted 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.

Microservice Model

TMCs, of course, do more than just manage booking on behalf of their corporate clients. They provide an array of additional travel and support services. To fulfill those necessary functions without involving a TMC, ZS contracted a lineup of tightly focused "microservice" providers, including Freebird for flight disruption management and rebooking, Tripbam for hotel rate reshopping and International SOS for duty of care. Integration service Traxo Marketplace 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.

Many see that open marketplace approach, as opposed to a one-stop-shop TMC for the full gamut of such services, as the future of the corporate travel industry, especially for small and midsize enterprises, which don't necessarily require the heavy-duty support a large corporation might need but still can benefit from the advanced technology and tools that have become available off the shelf.

Boyan said she "absolutely could not" conceive of launching such a program even three years ago. "I feel really fortunate to be in the position

I am today, with the current technology landscape." Her program could be a test case for that open model. It could help redefine how corporations buy travel—and push TMCs to adapt. "There's always been this assumption that when you get to a certain [size], you have to have a TMC and you have to have a booking tool and you have to have all these kinds of big, heavy infrastructure components," said Traxo chief commercial officer Cara Whitehill. "Those are very expensive, both from a direct cost standpoint and also from an indirect cost standpoint, when you consider the teams that are required to manage, configure and maintain."

For many travel programs, the status quo of a TMC as the centerpiece doesn't make as much sense as it did before the rise of targeted microservices, Whitehill added. "TMCs do some things really well. They're really good at service and support or handling a complex itinerary, so there's still a place for them," Whitehill noted. "But why do you need to pay a TMC the \$10 or \$20 for somebody to book a simple round-trip flight and a night or two in a hotel? That's overkill. So that's where Suzanne has been coming at it from an interesting perspective."

GoldSpring Consulting partner Will Tate, who advised ZS during the conception of the program, illustrated the difference between Boyan's decentralized approach and the "platform" model: In a platform model, TMCs play a role similar to Walmart or Netflix, acting as hubs to connect customers to a slate of offerings. That convenience, though, comes with a limited selection. "The whole value proposition comes down to ... if I decide to source everything independently, what's the gain versus the resource requirements and the cost," observed Tate. "That's what's so innovative about ZS's program. ... A lot of companies would like to do it," he said, especially given the services available these days to capture data and apply controls into direct booking channels with no TMC involvement.

It takes significant time and manpower to fine-tune the mix of microservice providers, and each provider then becomes a relationship that must be managed, Tate noted. ZS, an information-focused SME with the ability to build its own data management system, was particularly well-positioned to benefit from this type of approach.

Nonetheless, Tate thinks other SMEs "absolutely" could leverage the concept, if they're willing to take a chance on transformation and accept some of risks, such as lack of a single, TMC-managed traveler profile and the potential for leakage. To wit, if travelers don't book with their corporate email addresses, they slip through Traxo's email filtering system.

A Risk Worth Taking

As direct booking and microservices reach further into TMCs' turf, TMCs will be forced to reconceive their value proposition, which ultimately will benefit travel buyers, noted Susan Lichtenstein, former Cisco global travel manager and now co-founder of DigiTravel, a consultancy concentrating on digitizing and simplifying the managed travel ecosystem.

The future for travel programs, Lichtenstein said, is an omnichannel approach that maximizes choice, with direct connections and TMCs side by side. "The tools are there [for a ZS-type model], but it shouldn't be an either/or," she 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." She predicted: "There are going to be more and more Suzannes out there who are looking at their program and asking, 'Why do we do it this way?' 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."

ZS recently completed an RFP for TMC services, selecting Luxe Travel Management for its U.S. operations. Boyan said the companies are working together to "better understand how the TMC can help service" ZS travel booked through direct channels, if needed. She added that Luxe "has already had great discussions with United" about doing so.

While Boyan is confident her bold experiment is measurably improving ZS's travel, she aims to advance the entire corporate travel ecosystem, which she described as "stuck" in the past. "At the end of the day," Boyan 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." ■

9TH ANNUAL BUSINESS TRAVEL HALL of FAME



Join over 250 travel industry executives at the **9th Annual Business Travel Hall of Fame** induction ceremony and dinner as the BTN Group recognizes four of the industry's most influential executives who helped shape today's business travel landscape and created legacies of achievement. Celebrate and pay tribute to those being inducted as they reflect on their accomplishments and look towards the future of business travel.

DECEMBER 2, 2019 THE ST. REGIS NEW YORK

2019 BUSINESS TRAVEL HALL OF FAME INDUCTEES:

Reggie Aggarwal, CEO and Founder, Cvent
Ralph Colunga, Thought Leadership, Travel and Expense Technology Solutions, SAP Concur
Sir Maurice Flanagan, Founding CEO, Emirates Airlines (Posthumous)
Christie Hicks, former SVP Global Sales, Starwood Hotels

www.businesstravelhalloffame.com

PRESENTED BY **BTNGROUP**
CONFERENCES

PUBLISHERS OF **BTN** **TravelProcurement** The Beat
BUSINESS TRAVEL NEWS

GOLD SPONSORS



SILVER SPONSORS



BRONZE SPONSORS





ERIN McWILLIAMS

EPIC TRAVEL
OPERATIONS
MANAGER



McWILLIAMS PAIRS TRAVELERS WITH ARRANGERS TO IMPROVE TRAVELER EXPERIENCE

Travelers at Epic were not happy. That grated upon McWilliams when she joined the travel team in February 2017, which makes sense considering she had worked in HR for Epic for six years prior.

Much of the electronic healthcare record company's travel is project based and 80 percent is billed back to clients, so Epic controls travel costs in honor of fiduciary responsibility and client contracts. It does so via a team of 24/7/365 in-house counselors who arrange all the company's travel. McWilliams described the workflow, or at least the effect on travelers, as chaotic. An arranger would receive a trip request, put the trip together and move on to the next trip in the queue. "They would come to work and did not know what they would be working on that day," she said. The fragmented workflow meant that

"every single time a traveler was going to book a trip, they would get a different answer." Travelers had no voice, no recourse. Travel schedules were impacting frequent travelers' abilities even to mow their lawns, McWilliams said, noting that the workflow created a dynamic in which travelers did not trust travel counselors. "There was just a lot of unhappiness and tension."

McWilliams mitigated that friction by deploying the in-house travel counselors in a different way. Now, under the Traveler BFF (best friend forever) program, Epic assigns a traveler to a dedicated agent who gets to know each traveler and delivers advice and itineraries that take specific travel needs, pain points and budgetary restraints into consideration. These besties book lowest logical fares while providing consistency, empathy and proactive help, anticipating travelers' needs.

The initiative began with five travelers in March 2017. "The feedback started pouring in about how wonderful it was to know that we could be more proactive," McWilliams said. The program now incorporates 113 travelers. "The relationships that have come from this ... just very simplistic approach to matching is incredible." Replacing "relationships of distrust" are friendships in which travelers often bring souvenirs back to their BFF counselors.

The high-touch service isn't driving up costs, either. In fact, the company's U.S.-booked air volume dropped 9.9 percent from 2017 to 2018, and a similar drop is expected for this year.

To ensure travelers continue to have a voice, McWilliams now works with Epic's travel management company, Fox World Travel, to conduct journey mapping. These conversations produce insights into travelers' recurring needs. "We have to continue to review and make new changes to how we treat the program, bring more empathy to the conversation. ... From the start of the journey, the moment that you know you're going to be assigned to a customer, essentially, through the time that you get home from that particular trip or the first particular trip, where are your pain points along the way?"

The feedback can extend beyond the travel team. In fact, the accounting department joined the conversation, and as a result, Epic released a homegrown expense tool last year that reimburses employees almost immediately. And so the journey continues.

—Amanda Metcalf



MASSEY MAKES CARBON OFFSETS A PART OF AIRLINE CONTRACTING

As the world's largest private charitable foundation, the Bill and Melinda Gates Foundation decided several years ago to take stock of ways it could control its own environmental impact. It became clear travel had to be the main target. The foundation travels to 135 countries, said Massey, and for crossborder flights allows business class, which carries a larger carbon footprint than economy class. While there are a few other controllable factors—waste and building emissions, for example—business travel makes up 86 percent of the foundation's carbon footprint, she said.

PAM MASSEY

**BILL & MELINDA GATES
FOUNDATION DEPUTY
DIRECTOR OF GLOBAL
TRAVEL & MOBILITY**

The foundation's first instinct was simply to cut travel, but it realized it needed a deeper solution, she said. "It became evident quickly that our work and the foundation's work, being involved in the communities we are in and how we outreach to the world—we need to be there in person," Massey said. "We can't stop travel, so how can we think about this differently?"

The foundation has had a policy of sharing its own mission and strategy with suppliers as a part of quarterly business reviews, and Delta came back with an offer to provide carbon offsets so long as the foundation met its contractual obligations with the carrier. The foundation has done so every year since

and, over the past four years, has offset about 12,000 metric tons of carbon emissions.

The foundation and Delta found ways to work together to make sure the foundation met its obligations and that its travelers were aware of the program. Banners notified employees booking on Concur that they were "flying greener skies" when choosing Delta, and the carrier participated in the foundation's Earth Day festivities, which Massey said helped with compliance. "It's hard to tell, when you have a partner giving you the right fares and the right schedule, what's moving the needle, but it was definitely a factor," she said.

Delta since has revealed that it is piloting its offset program for corporate accounts with a few other clients—including Merck, UCB and Columbia Sportswear—and is looking to expand with more travel programs. Agreements with each client differ, but they're based on the travel program meeting contractual goals, said Delta SVP of global sales Bob Somers. "Over the last several years, anytime we are with customers, sustainability comes up, and a lot of companies have that as a paramount endeavor for them," he said.

The foundation also wanted to ensure the offsets became a reality in a way that coincided with its mission. It chose the Uchindile Mapanda project in Tanzania, which focuses on reforestation and improving communities via better access to potable water, accommodations for teachers to reduce turnover and housing for nurses to benefit health services. "We wanted to be sure the organization we are working with aligns with where we do our work and what the work is about," Massey said. "We're not just delivering on one goal. It's multilayered and really aligning with what we want to do."

—Michael B. Baker

STEVE SITTO

**TESLA SENIOR MANAGER
OF GLOBAL TRAVEL,
MEETINGS & MOBILITY**

Tesla moves fast. The cars, yes, but also the company. That includes Tesla's managed travel program. Sitto has been in the driver's seat of that program for nearly three years. When he joined the company in 2016, Tesla had about 16,000 employees. At the end of that year, however, the employee count spiked to more than 30,000, thanks to the acquisition of SolarCity. By November 2018, Tesla had 48,817 employees, according to an SEC filing. The lesson for Sitto: Be simple, be agile.

"Travelers trust a simple program more than a complicated program," said Sitto. "The easier it is and the more you put their voice in it, compliance is natural." Sitto has achieved nearly 100 percent compliance on lowest logical fares, and Tesla's hotel attachment rate is a whopping 90 percent.

Three Pillars

Simple Structure. Sitto has been an influencer of BCD Travel's SolutionSource, which brings smaller service providers to the table in a vetted marketplace for BCD clients. Sitto is one of those clients and advocated for the concept. He lobbied for Pana, one of the first SolutionSource partners, to be added to the roster after the startup shifted its focus to recruitment travel. Sitto continues to push BCD to add more suppliers. "It's a little selfish for me, in a way, because I don't want to justify [internally] bringing in another supplier," he said. "On the other hand, it's a way to help smaller providers ... get connected into the managed travel space." The model has made Sitto's program more agile, he said. "It allows me to keep the program lean and move quickly as Tesla enters new markets. I can plug or unplug the pieces that I need. Trying to do that with a complicated, multilayered program would be a disaster."

Simple Communications. Tesla uses Concur booking technology, and Sitto has leveraged data-driven dynamic messaging to communicate with travelers during the booking process. Again, he is working with BCD, and its Advito

SITTO SIMPLIFIES TO DRIVE AGILITY & GROWTH



consulting division, as a first mover in this space. “It’s relatively new, but it’s been effective,” he said. “We work from an Advito dashboard to understand where we might be underperforming with a certain partner or on a certain route. We overlay, in the booking tool, dynamic messages to travelers [based on their trip parameters] to help guide them to the most optimized choices [for our supplier agreements].” The messaging also can highlight spot promotions, free checked bag opportunities and other benefits. The messaging, he said, has improved contract performance and made the booking experience for travelers smarter.

Simple Accountability. Tesla leverages robotics process automation to keep travelers in check and drive compliance accountability. The RPA reads expense reports, notes policy violations and sends customized emails to travelers to educate them about the program. Since implementing the technology, Tesla has seen “a sharp decline” in out-of-policy bookings, Sitto said. “In almost every case, travelers aren’t being malicious; they just need to be educated. The key is to make the communications short, targeted and totally consistent.” That’s the beauty of robotics.

Not Done Yet

Sitto’s data management and technology strategies are opening new opportunities to simplify the Tesla program, including the contracting process. “The data we use for dynamic messaging may allow us to dispense with the airline RFP,” he said. “When you can look at near-real-time data, you make real-time changes to the program. It no longer makes sense—and really has never made sense—to look at historical data to negotiate future pricing. The footprint changes. The business changes.” That’s especially true for Tesla, so look for more innovation from Sitto.

—Elizabeth West



MIEGHANN WELCH

WELLS FARGO
BUSINESS INITIATIVES
SENIOR MANAGER



WELCH MANAGES MEETINGS DATA TO TRANSFORM BUSINESS

As a financial institution, data-driven decision-making is the norm for Wells Fargo. The company has a history of strong meetings management through its different lines of business, but three years ago, it took the leap to creating a centralized meetings and events team—and joining everyone together on a single meetings management technology. Wells Fargo took the opportunity to overhaul its meetings data strategy, as well.

Welch led that charge. She cut against the grain, choosing a smaller technology partner willing to take a deep data management journey with the organization. “Anyone who’s been through a technology transition before knows it’s never easy,” she said. That has been true with Wells Fargo’s new technology supplier, Aventri, she added, but “they are doing a lot of reconfiguration of their architecture and redefining their road map to accommodate a lot of our requests while still servicing their other customers.” That willingness, she believes, could transform Aventri’s capabilities and broaden the provider’s appeal to large companies with the most mature strategic meetings programs.

The right data capture and business intelligence aren’t a given, no matter what technology platform a company leverages to do the job. “Knowing what we are trying to measure, defining that and understanding the story we are trying to tell—that was the hardest part in developing our data strategy,” said Welch, giving props to data management lead Rob Jensen, who shaped that path forward. “You need that internal analytics skill and also that passion to work with vendors and partners to push the

data and reporting insights to the highest levels.”

Currently, Wells Fargo uses five key metrics to track its strategic meetings management program, as well as the performance of each meeting. Volume of work is a key metric for the meetings and events department, with 84 professionals running 3,000 events annually. Internal space utilization looks at how the meetings team partners effectively with Wells Fargo’s corporate properties group. Expense management is critical and Welch lauded the meetings team for its “commitment to financial stewardship, while maximizing the attendee experience.”

Wells Fargo tracks attendee type to help partners know who is at their events, “what their goals are for being there and how we are meeting those goals,” said Welch. Indeed, the company is working to extend these insights and is pursuing metrics that will illuminate “the financial impact on the bottom line based on attendee engagement and lasting behavioral change.”

Getting to that point requires dedication from every member of Wells Fargo’s meetings and events team. Meetings management companies have noted SMMP’s challenge to deliver on the promise of meetings data management and have underlined their role and bridging the last mile of data capture for many clients. At Wells Fargo, the granular level of data has come from embedding the meetings management tool as a true enterprise technology. “It is the starting point and the end point of the event planning life cycle, from the [internal] partner request to engage our meetings and events services, to all the sourcing through the tool, to approvals for spend, to attendee registration and management, to reconciliation and closeout,” said Welch.

It can be a challenge to create the right ethos to get that job done. “Data entry is not the most popular thing to do. It’s hard to slow down and enter everything into a system so someone else can report on it and manipulate that data. Our planners, though, understand what the data is used for and its value. That allows them to view the data piece as a more strategic task.”

Every team member sees the results—and how they are transforming Wells Fargo’s business. “The data enables planners to have strategic conversations. They understand their partners’ businesses and provide recommendations based not only on historic data but also from other lines of business that have similar objectives.” Even beyond that, the M&E team is transforming not just meetings decision-making at Wells Fargo but providing broader insights. “The way our line of business partners work has changed based on our data,” said Welch.

—Elizabeth West



Aventri wishes to congratulate

Wells Fargo's **Meghann Welch**

for the visionary approach she
and her team have taken to
Strategic Meetings Management

and being named one of
Business Travel News'
2019 Best Practitioners



6TH ANNUAL

innovate

advancing business travel

[OCTOBER 22-23, 2019]

NEW YORK HILTON MIDTOWN, NEW YORK CITY



When Innovators compete, the industry wins

See new technologies poised to change the business travel industry. Top executives from the following companies present cutting-edge products, technologies and services that are critiqued, judged and voted on by both a panel of expert judges and those in attendance.

- 30 Seconds to Fly
- BCD Travel
- Bizly
- Cornerstone
- HRS
- Nina & Pinta
- Pana
- PredictX
- Traxo
- TripActions
- TripBam
- TroopTravel
- US Bank



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

PRESENTED BY

BTNGROUP
CONFERENCES

PUBLISHERS OF

BTN
BUSINESS TRAVEL NEWS

Travel Procurement

The Beat



HEAR WHAT PAST ATTENDEES HAVE SAID

MASTER CLASSES

Education sessions presented by senior BTN Group executives and panels of experts assembled to explain cutting-edge topics that savvy business travel buyers are not yet well-versed on, but ought to be.

- Escaping the Hotel RFP Vortex
- Can Comparative Shopping Exist in an NDC World?
- TMC & OTA Economics

THINK TANKS

Tackle tough industry issues via small group workshops and in-depth discussions that activate industry progress.

- Building a Better Traveler Profile
 - Stakeholder Engagement
- Travel & Meetings Management: Is Intelligent Integration Possible?



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

“Best and most valuable travel conference in the industry!”

- Luann McCarrell, Travel Manager, Allstate Insurance

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

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

“This is the only industry conference I attend. Rich content, excellent discussion topics and expert speakers. It's intimate and offers great networking. I highly recommend this conference.”

- Debbie Hernandez, Corporate Travel Manager, National Academy of Sciences

REGISTER NOW!

www.btngroupconferences.com/innovate





Travel Buyers Gain Power for Hotel RFP Season

For the past several years, suppliers have had the upper hand for hotel RFP season, but this year, buyers are gaining back some power, according to a report from industry consultant Bjorn Hanson called U.S. Corporate Hotel Rate Negotiations for 2020 Forecast, based on interviews with industry executives and corporate travel executives, analysis of industry financial data, press releases and information available on hotel and brand websites.

Almost every year since 2011, the market has favored suppliers because of increasing hotel occupancy and forecasted increases in average daily rate “that for many of the years were higher than the average daily rate increases realized,” Hanson said. The report notes that while U.S. ADR increased by less than 3 percent for 2016 through 2018, the projected price increases during negotiation periods were higher. In 2016, the forecast was for growth between 5.75 and 7 percent. In 2017, it was between 3 and 4 percent, and in 2018, it was between 2.5 and 3.5 percent. “Therefore, many buyers believe they ‘overpaid.’”

For 2020, Hanson forecasts ADR to increase between 1 and 1.5 percent, based on STR’s performance reporting and on forecasts from STR, CBRE Hotels and PwC. That growth is slower than inflation, he pointed out. And as ADR growth slows, buyers gain leverage. He noted that buyers are starting negotiations with suggested increases of between 1.5 percent and 2 percent, while suppliers are asking for increases between 3 percent and 5 percent. Here’s more on what the research houses expect.

STR & Tourism Economics. STR and Tourism Economics further downgraded their growth projections for the U.S. hotel industry after a previous downgrade in June. The companies had projected revenue per available room to grow 2.3 percent in 2019. In June, they downgraded 2019 growth expectations to 2 percent and 2020 percent growth to 1.9 percent. Now, they’ve reduced 2019 to 1.6 percent and 2020 to 1.1 percent. With occupancy flat, ADR has been the sole driver of any RevPAR increases. The 2.9 percent RevPAR increase recorded in each 2017 and 2018 was the lowest growth for the country since the recession that began in December 2007.

“We continue to see ADR rise below the level of inflation, even as the industry operates in the highest-demand and -occupancy environment in history,” said STR president and CEO Amanda Hite. “Supply growth has been manageable if you look at data from a national perspective, but there are plenty of major markets and several segments, select-service mostly, that have seen the negative effects of new inventory even with consistent demand. We’re still in a RevPAR-growth cycle for now, but driving profit is a real challenge for many properties around the country.”

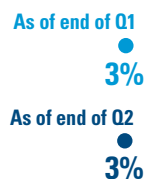
For 2019, RevPAR in four of the 25 markets that have the most rooms is projected to grow 3 percent or more: Atlanta, Nashville, San Francisco/San Mateo and Tampa/St. Petersburg. RevPAR is expected to decline in Houston, Miami, Minneapolis/St. Paul, New York, Seattle and Washington, D.C. For 2020, just Miami and San Francisco are projected to report RevPAR growth of 3 percent or higher. New York is the only market expected to show a decline.

PwC. The latest Hospitality Directions U.S. report from PwC reconfirmed what previous PwC reports and the downgrades among hotel companies’ quarterly earnings guidance have shown: The hospitality industry is cooling off. Year-over-year results for the second quarter came in “significantly below expectations,” according to PwC. ADR for U.S. hotels rose 1.2 percent, and occupancy inched down 0.1 percentage points, resulting

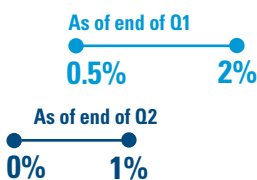
Shrinking RevPAR Growth Expectations for 2019

Based on hotel companies’ earnings reports

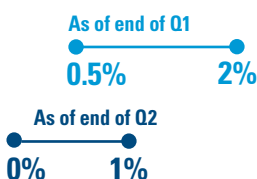
ACCOR



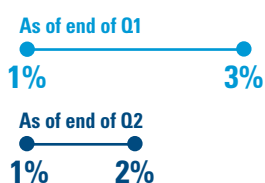
CHOICE (U.S., NOT GLOBAL)



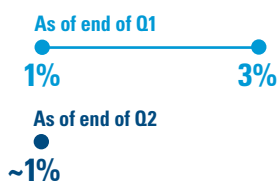
EXTENDED STAY AMERICA



HILTON, HYATT & MARRIOTT



WYNDHAM



in a tepid revenue per available room increase of 1.1 percent. The recent weak performance coupled with slowing economic trends suggests a continued deceleration in topline performance at least through 2020.

Since the beginning of the economic recovery that followed the Great Recession a decade ago, RevPAR across the U.S. grew at a compound annual rate of 5.4 percent. In 2018, it grew just 2.9 percent. It’s anticipated to grow 1.1 percent in 2019 and 1 percent in 2020; ADR will increase by the same percentages, and occupancy will remain flat.

Economy and independent hotels will fare the best in 2019. PwC expects RevPAR to increase 1.9 percent for the economy category and 1.8 percent for independent hotels. The upscale segment is the only one for which RevPAR is anticipated to decline in 2019, by 0.4 percent. For 2020, RevPAR will increase only for luxury brands and independent hotels, each by 1 percent or slightly greater.

CBRE Hotels. In the latest quarterly edition of CBRE’s Hotel Horizons, based on data through June, the hospitality advisory company forecasts a deceleration in U.S. lodging performance during the final six months of 2019. After increasing 2.1 percent year over year for the first half of the year, demand growth will slow to 1.4 percent year over year for the balance of 2019. The report attributes that slowdown largely to lagging economic growth; CBRE estimated GDP will grow 1.9 percent during the second half of 2019, half the pace of growth during the first six months of the year.

As a result of the slowdown in demand growth, CBRE forecasts U.S. occupancy to decline 0.2 percent from 2018 to 2019. However, the deceleration won’t affect room rates until next year, according to the advisory, which predicted that the annual increase in ADR will remain steady at 1.1 percent, the same rate it projected in June. For 2019 overall, CBRE now projects RevPAR will increase just 0.9 percent, 110 basis points below the forecast from CBRE’s previous report.

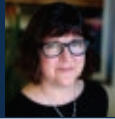
A rise in hotel openings also will put downward pressure on room rates. CBRE forecasts supply to grow 2.1 percent in 2020, higher than the long-run average of 1.8 percent. That supply increase will drive a 0.8 percent decline in occupancy for the year. CBRE now forecasts RevPAR to grow 1.2 percent in 2020, also a downward adjustment from June’s projection.

What Does It Mean for Travel Buyers?

Hanson estimates corporate travel buyers’ negotiated rates for 2020 will rise between 1.5 percent and 2.5 percent. Eric Jongeling, director of the Americas hotel solutions group for CWT, also expects increases to be moderate: “We anticipate that this slowdown will create a more aggressive negotiating environment and expect lower ADR increases than the trend of the past three to four years. Market conditions vary by city and sometimes neighborhood in a city, but generally, buyers should expect more favorable outcomes through their negotiation efforts.” He also said travel buyers willing to consider new hotels and who can move spend will gain leverage. “We expect these challenger hotels to be very aggressive in their offers and push incumbent hotels more this year than we’ve seen in the past several years. This should create a highly competitive environment, and there will likely be a lot of difficult decisions during final selections.”

Contract lengths also are in play. According to GoldSpring Consulting partner Neil Hammond, “A change in the economic forecast may impact multiyear deals that are based on fixed rates. In this case, chains and properties would love to lock in the longer-term deals but buyers may become more reticent. Buyers looking for longer-term deals would be better with dynamic discounts.”

—Additional reporting by Adam Perrotta



Hotel Companies' Investment in Meetings Sourcing Platform Raises Antitrust Concerns

Accor, Hilton, InterContinental Hotels Group and Marriott International have invested a combined \$50 million in Groups360, a technology platform for searching meeting spaces and rates. Each investor will have a seat on the board.

Groups360 will use the money to enhance its GroupSync platform and offerings. Currently, planners can use the platform to search destinations for hotels and future rates, which are determined by an algorithm that accounts for current rates and economic factors. This means planners don't need to use RFPs to seek out rates and thus can request proposals from a narrower roster of venues. Groups360's road map, though, includes a booking solution for simple meetings, said president and CEO Kemp Gallineau. "Getting to instant booking is one of our focal points," he said. The company has not determined a time line.

Groups360 also will use its new funds to expand its sales, marketing and engineering teams. "We currently have 30 people in the company, all employed in the U.S.," Gallineau said. "Over the next 18 to 24 months, we plan to have 100 to 150 people globally." The company's database has more than 170,000 properties across 225 countries, representing Accor, Hilton, IHG, Marriott, other brands and independent properties. Groups360 said it will continue to offer a variety of venues.

Could This Be an Antitrust Problem?

"It will be interesting to observe how Groups360 will manage its board, since each of the major investing hotels have a seat on the board, and [how it will manage] the information regarding group business to avoid antitrust issues," said one industry technology owner. "The hotels' Groups360 transaction is the resurrection of StarCite in terms of structure," the person said. Many of the major hotels were on the board of StarCite, and surprise, surprise: They discussed rates."

The owner of another industry technology product was told by a group sales rep from a hotel that if the technology company wanted inventory from that hotel company, it soon will have to go through Groups360. "By its essence, it's an anticompetitive stance," the technology owner said. "If five different suppliers say, 'You now have to go through this other place that we own and we'll control the terms and distribution and fees and prices there,' then that's just antitrust. I'm surprised their lawyers didn't catch that before they got into the deal."

That tech company owner also ventured that the hotel companies aim to move all meeting

sourcing for their spaces to the Groups360 platform and then rip off the Band-Aid to eliminate commissions paid by the hotels to group intermediaries. Most major hotel companies reduced such commissions from 10 percent to 7 percent over the course of 2018, causing consternation among meeting planners and corporations' strategic meetings management programs.

Groups360 executive chairman David Kloepfel said the company had been advised by antitrust lawyers "throughout the creation of the investment process" and that it is sensitive to antitrust matters. "The objective of the platform is to make it simpler and easier for planners to book meetings," Kloepfel said. "We understand that anybody who wants to list product on our platform will be sensitive to who has access to their own pricing information. We have internal protections to make sure pricing doesn't get into the wrong hands."

The platform, which allows meeting planners to search for hotels and future rates, is closed; planners have to get login credentials and be vetted to use it. Plus, Kloepfel said, its rate projections are determined by an internal algorithm that is "not anything an external party gave us. It's our own secret sauce, so there's not much concern over antitrust matters because it's not anyone's specific information."

Collusion Concerns

Though Groups360 has taken precautions to protect hotel companies' sensitive data like pricing, concerns about rate collusion arise. "That dynamic can change significantly if the hotels are now invested or own a piece of the platform," said American Antitrust Institute president Diana Moss. "If you have an ownership interest, you have a modicum of control over the decision-making of the platform. The antitrust concern then, potentially, is that the information can be transferred from owner to owner using the platform as a conduit, kind of as a pipeline, so information could essentially make its way back to Marriott or back to Hilton. And that information is potentially competitively sensitive."

If hotel companies with investment stakes in Groups360 list their meeting space exclusively on the platform—recall the tech company owner who was told meeting planners would have to go through Groups360 to access those hotels' spaces—"that notches up the concern level from an antitrust standpoint," Moss said. Gallineau has said instant booking for simple meetings is on Groups360's road map. Moss noted, "If moving from just a search platform

to a booking platform, that means there will be more pricing information floating [around] and could be easily transferred from owner to owner," so that could imply a tacit agreement.

That means the hotel owners, even if not agreeing outright to fix prices, could exchange "enough information for them to get a good bead on what rivals are doing. And with very few rivals in a market, as you have with hotels, the incentives are much stronger to collude than to compete," Moss said. "I'm not saying this is a problem, but it certainly puts up some red flags we would absolutely want to keep tabs on."

Exclusivity Issues

Kloepfel deflected the question about the hotel companies making their inventory available only through Groups360 by saying that was for the hotel companies to answer. When asked whether the hotel companies' combined investment constitutes a controlling interest or what voting power they have, Kloepfel said, "We've agreed with the investors not to disclose the terms of the deal, so I can't comment on that."

When asked whether IHG would require parties to go through Groups360 to access the hotel company's meeting space, a spokesperson said, "Our focus in the near term is to develop our direct booking capabilities on meetings.ihg.com and the Groups360 platform."

Marriott global officer of digital, distribution, revenue strategy and global sales Brian King said: "In today's instant-access digital world, our customers have told us that the current shopping and booking process for small groups is out of sync with their day-to-day shopping habits. This process is even more cumbersome when a meeting planner must source across multiple brands. The goal of Marriott International's investment in Groups360 and its proprietary GroupSync technology is to bring simplicity to the planning process to ultimately benefit both meeting planners and hotels." Hilton and Accor declined to comment.

There are others who don't seem concerned by the hotel companies' investment or by Groups360's plan to become another online meetings booking platform. "We work very closely with Hilton, Marriott, IHG and Accor, and this cooperation has grown even closer as we secure more and more global corporate clients," said Meetingsbooker.com founder Ciaran Delaney, whose site currently offers instant meeting room booking. "In some cases, we already power online bookings for their franchised property websites. [As Groups360's] product emerges in the coming years, we look forward to exploring opportunities with the hotel groups."

Delaney said his company isn't worried about Airbnb's or hotel groups' moves to acquire or invest in simple meetings solutions. "Not a chance," he said. "It's helping to put simple meetings on the map. ... Once their system is live in a few years, our network will be even bigger. Ultimately the customer will decide, as well." ■



GDS Will Be Just One Part of Southwest's Corporate Business Strategy



SOUTHWEST'S
TOM NEALON

Southwest Airlines unveiled a major strategy shift last month when it announced deals to participate in the Amadeus and Travelport global distribution systems, providing content and full booking capabilities for the first time (see page 3). Southwest also has announced that Phase 2 of its buildup of Hawaii service will launch in

January, including new daily service between Sacramento and Honolulu, new service between both Oakland and San Jose and each Lihue and Kona, and expanded interisland service. Southwest president Tom Nealon spoke with BTN transportation editor Michael B. Baker.

Why did you decide to have agreements with Amadeus and Travelport?

We have such a great business-friendly product, such a strong schedule, and the policies and fares are so accommodating. But we've been harder to do business with in terms of how you book, transact and settle and all of that kind of stuff. The shift away from our [Basic Booking Request] and the basic approach to an industry-standard GDS is really important. It's the third leg of the stool. Our Swabiz platform—which we've done massive upgrades to, and it's a beautiful, direct, self-serve channel—is the second leg of the stool, and the ATPCO NDC Exchange approach is going to be very good for us. Those two we were always proficient and really capable within, but this third channel, the GDS, we were lagging. Our intent is to win business and to bring the Southwest effect into [the] GDS. We're going to compete hard, and we're going to compete to win. We have a fantastic business product.

Is this something your new reservations system enabled?

I've been asked the question, "Why now?" It's because previously, it would have been really, really hard. Our old reservation system, the old "cowboy system"—we could have worked very hard for a very long time and spent a lot of money and never gotten to a real industry standard. It would have always been a kind of variant. We didn't have the opportunity to really go industry-standard GDS with the full-participation level until we got to Amadeus' [passenger service system]. It's a rock-solid platform for us, and now we have the ability to extend that and bring on industry-standard GDS.

When will content be available on the GDSs?

We're still going through the implementation and the sequencing and who comes up first. I think we'll be up and live by mid 2020. I would love that to be both partners. We'll have to see how the work pans out, but that's what we're trying to do.

You are projecting this will bring between \$10 million and \$20 million in additional revenue next year. What will it mean for corporate market share?

I'm going to be very hesitant to share much about what we think the revenue upside is going to be. We put something in the press release because we had to, because our investors know we're working on revenue initiatives. I think what we put in is a very safe range. I'm not going to get into market share, but we wouldn't be doing it unless we thought we had a real opportunity here.

Will you partner with other GDSs, as well?

We're pretty happy with the two we have. If more are interested, we're certainly willing to talk. I'll leave it at that.

The new reservations system has unlocked other opportunities, such as codesharing. Are you considering that going forward?

Codeshare is certainly something we would be thinking about. Our fleet and our operations are really suited for a high-frequency, high-density, domestic Lower 48 network, and that's where the majority of our growth will be going forward. There's also opportunity for us to do near international. We're doing a lot of it now—it's about 4.5 percent of our capacity—into beach destinations and the Caribbean. With some of the things we need to do for codeshare, foreign language and foreign point of sale, that allows us to begin to serve business markets in Canada and Mexico and other Central American countries. That window opens up for us once we have the foreign language and foreign currency capabilities. I don't see us flying far international. Our near international leisure is doing terrific, and I'd love us to get into near international business.

What about additional ancillary opportunities?

By virtue of our model, our ancillary opportunities are more limited than other carriers. An ancillary opportunity is an upgrade from coach to business, but we don't have those types of things. We don't have extended legroom. We don't charge fees. That means we need to be more creative. What we're doing with things like EarlyBird Check-In might not sound like it's a big idea, but it's a big revenue generator, and the variability in terms of the pricing is really helping drive take rates. Although our opportunities are more narrow by virtue of our model, we still have opportunities. We do have some things in the works that I can't talk about, but we're very focused, and we need to have more revenue streams.

What's your overall capacity growth schedule at this point?

We've made some modest announcements. Cozumel is something we want to get into, and more in Hawaii. Most of the focus in the next 12 months is continuing to build up the network we have. There

Nealon talks:

- Amadeus & Travelport deals
- Exploring business-focused international markets
- Ancillary revenue opportunities
- Boeing 737 Max's return to service

is so much opportunity for us still in the intra-California markets. We have a 60-something percent market share, and we have an opportunity to grow our capacity, grow our customer numbers and improve our financials. The same is true in Denver. The same is true in Baltimore and Chicago and New Orleans and Nashville. You are going to see a continued investment in the core network, and that's as it should be. That's what our strength is.

How is your new Hawaii service faring?

Hawaii has exceeded our expectations on every dimension. It's exceeded our expectations in terms of demand. Our system average [load factor] for the second quarter was 86 percent, which is a record load factor. Hawaii was higher, so these are really high load factors, and that's both interisland as well as mainland-to-Hawaii. The pricing is maturing faster than we would have thought. It's still significantly lower than the competition, so we are seeing the Southwest effect coming to the market. We look at the customer experience from the mainland to Hawaii on our aircraft with our service model, and the scores are actually higher than our whole system, which tells me that the product is working beautifully. We intend to begin to execute Phase 2 of our buildup of Hawaii flying. It will probably be a little more temperate than we like it to be; we need more capacity, and this Max thing is taking a bite out of capacity. But it's doing so well, we want to keep feeding it and growing and developing it.

What's the process once the Max gets the necessary certification?

Once the Max is reauthorized to fly, we're excited to get it back into the air. We have a very clear return-to-service plan that we are working through on the operations side, as well as the commercial side. We have over 80,000 hours on that plane, and we have tremendous confidence in that plane and in our pilots, mechanics, flight attendants and the whole operation. We are very focused on bringing it back into service, and we'll bring it back in the right way. We're very disappointed with Boeing, but we are confident it will come back and we look forward to it coming back. And when we come back, we're coming back with a vengeance. ■

Virgin Atlantic Plans Further Alignment with Delta



VIRGIN ATLANTIC'S YULI THOMPSON TALKS:

- Getting the U.S. green light on the carrier's mega joint venture
- Ironing out the seams with Delta
- Considering carbon offsets in corporate agreements

Virgin Atlantic VP of North America Yuli Thompson is nearing the end of her first full year as the leader of commercial operations, including sales, in the U.S. and the Caribbean, and she'll add Brazil to her responsibilities when the carrier starts service between London and Sao Paulo next year. She spoke with BTN transportation editor Michael B. Baker.

What's the update on your combined venture with Delta and Air France-KLM?

We've been a JV with Delta for about five years, and we are waiting for full approval from the U.S. [Department of Transportation] in joining the two JVs across the transatlantic. We received provisional ap-

proval from the U.S. DOT for us to go ahead with this. Provisional approval means the final approval will come fairly soon, so it looks to be on track.

You have been aligning some of your services with Delta, such as a recent announcement regarding Corporate Priority. Is more of that on the way?

We are working alongside Delta making sure the benefits they are offering in the U.S. are aligned across corporate customers. When people have connecting itineraries, Net Promoter Scores are a little less than if you have a straightforward itinerary. When you transfer from one airline to another, the policies and procedures are a little different, so it's not a seamless experience for you. We're working on making it all seamless, and the Corporate Priority program will help us do that. Being able to offer the right benefits to our corporate customers requires [some] technology developments, and I think we'll be able to come up with a full story later this year, in Q4. We [also] are allowing cross-check-in on our mobile app across Virgin and Delta, so when you book with Virgin on a codeshare with Delta, you can go to the Virgin app and check in with Delta. We just launched that on Aug. 1, and it's both ways.

Does it include seat selection, as well?

Not at this point, but we'd rather work in a way when

we can implement things in an incremental fashion rather than wait until we have everything sorted.

What's new in network growth?

We just announced earlier in the year that we are going to [be] flying from Heathrow to Brazil. We've got two other new routes coming this year: Tel Aviv [in September], as well as Mumbai [in October]. My role covers all of the Americas, and 70 percent of Virgin Atlantic flying is to the U.S. Much of my role is focused on the U.S. and making sure our commercial and revenue performance is up to speed, as well as overseeing the overall operations. The most significant thing is the focus on JFK-Heathrow. London-New York is our biggest market. This year, we take delivery of our first [Airbus] A350 aircraft, and the first market we are putting it on is New York. The first flight is [in early September].

What's the take been on the new economy fare options you introduced last year?

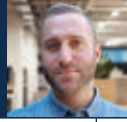
When we launched the different brands last year, we had underestimated how much our customers in the U.S. like the [Economy] Light product. If you are traveling for short periods and don't need to check in a bag, you want the best price possible. Close to a quarter of our economy bookings from the U.S. are in Light.

You had a milestone in your use of biofuels last year. What other sustainability initiatives are you working on?

Sustainability continues to be on our agenda. At [the Global Business Travel Association convention] this year, we worked with Delta and Air France-KLM to carbon offset all the travel to GBTA. It's the first step, dipping our toe in the water, in terms of trying to assess and talking to our customers and opening dialogue to what's important to our corporate customers.

Delta is working with a handful of corporate partners to include offsets as part of the corporate agreement. Will you do the same?

We will look at that. Delta has signed with three different corporates. We are in dialogue with them on that path. If customers tell us that's important, we can reprioritize things and make sure we can offer carbon offsetting alongside Delta. Airlines will always have a carbon footprint based on today's technology. We think the best way to reduce our carbon footprint is to fly aircraft that use less fuel. One of the things we do actively: In all our aircraft orders, we consider that and look at more fuel-efficient aircraft. With our new A350, as well as A330neo, order, in the next 10 years, we'll be able to reduce our CO2 emissions by about 30 percent. ■



The EU's Deadline for New Payment Authentication Has Arrived

BY AMON COHEN

European travel management companies, online booking tools, payment providers and other business travel players have been keeping a nervous eye out for this past Saturday, Sept. 14, the day Strong Customer Authentication of e-commerce payments became mandatory in the European Union. "It is highly likely that SCA will introduce greater friction for travelers when booking in the short to medium term," Amadeus stated in a report that included a survey of 50 "large travel merchants," of which 15 are "travel sellers" and the remainder airlines or hotels. Of those 50 merchants, 65 percent expect SCA to negatively impact sales.

SCA, aimed primarily at the consumer market, requires cardholders to verify their identities through two of the three following mechanisms: something you know, such as a PIN; something you have, like a chip card and reader or a mobile device; and something you are, such as a fingerprint scan or voice recognition. It could cause problems for business travel reservations if there is no individual payer who can take responsibility for authorization, as in the case of lodge and virtual cards, or when there is an individual cardholder but payment is not taken at the point of booking, risking the cardholder being unavailable when the request for authentication is made.

Corporate travel payment experts hope for limited impact. Many payments related to business travel can be considered outside the scope of the regulation. In particular, a reservation made by a TMC in response to a telephone or written request from a customer can be deemed a Mail Order Telephone Order, or MOTO, the primary out-of-scope qualification. Other transactions can escape authentication thanks to a series of exemptions, the most pertinent being "secure corporate payments," which some national regulators have specified to include lodge and virtual cards. The U.K.'s Financial Conduct Authority was the first to do so in December 2018.

Meanwhile, a June opinion by the European Banking Authority took pressure off the Sept. 14 deadline by giving national regulators an 18-month grace period for compliance enforcement. France, Belgium, Cyprus, Germany, Italy and Spain have indicated they will also allow grace periods, according to the Amadeus report. Despite these circumstances, pitfalls loom.

RECOMMENDATIONS FROM AMADEUS PAYMENTS' JEAN-CHRISTOPHE LACOUR

- If "most of your traffic is a known list of corporate issuers, talk to all of them and get their assurance they will not do anything silly come Sept. 14. If they can't give that guarantee, then carry on as you are today and put the transaction as Mail Order Telephone Order because that puts it out of scope. That's the easy cop-out in the short term, although in the long term, that's not in the spirit of the regulation."
- Talk to your distribution providers, as well.
- Make yourself aware of the 3D Secure protocol and the specific implementation guides that have been published by the schemes.
- Monitor what happens to authorization approval rates before and after Sept. 14. "If you don't monitor, you are not going to know whether it is the same as or worse than before."

ORIGINALLY PUBLISHED IN **The Beat**

As a result, there is little certainty about how much trouble, if any, corporate travel entities will run into. On the one hand, Amadeus Payments head of merchant services Jean-Christophe Lacour believes the situation is unlikely to prove catastrophic. "The schemes are communicating to their issuers not to overdo it and not to start declining transactions that come in on the 14th," he said. "It's in nobody's interest to see perfectly good card transactions being declined, particularly when fraud levels for corporate transactions are far lower than for consumer e-commerce transactions, which is really what the regulator is trying to tackle."

On the other hand, Lacour said, issuers told a travel industry group that the issuers and acquirers "are the ones who have to comply with the regulation and are the ones who are in the line of fire and that they can't just take it for granted when we tell them [a payment] qualifies for an exemption."

Key to solving many SCA pain points will be evolution of the 3D Secure protocol, or 3DS. 3D Secure is the system that determines whether to take a customer, at the point of payment, to a secure web page to enter additional authentication details. According to payment processor Global Payments, 3D Secure is "the only compliant SCA solution available for card payments." Card schemes have deployed it as Visa Secure, Mastercard Identity Check and American Express SafeKey, among others.

The payments industry this year has been upgrading from 3DS 1.0 to 3DS 2.1, making it possible to use the protocol for native mobile apps in addition to the web. It also provides for the exchange of more than 120 new data points about the customer between parties like issuers and acquirers that are involved in the transaction and then to issue a two-factor authentication request if required.

3DS 2.1 also allows merchants to identify and provide reasons why no further authentication is required. However, warned Warren, "it doesn't allow you to flag that specific SCA exceptions are applicable." That's why he believes card merchants will need to upgrade again to 3DS 2.2, which he expects to be available early next year. "It will support what the travel industry needs, especially the ability to send flags that no SCA is needed," said Warren. "The message the schemes are pushing is that everyone needs to go to 2.2 in the next 12 months."

One travel industry standard that does not yet follow that evolution is the New Distribution Capability, according to Amadeus. "Today, IATA's NDC standard doesn't yet specify how this should work for 3DS 2.X, so for the time being we are deploying 3D Secure 1.0 for NDC payments," its report noted.

Even without the NDC problem, industry figures emphasized that 3DS is not a panacea for all the challenges SCA poses to corporate travel, especially when TMCs book using travelers' stored plastic card details. "One example is booking a low-cost carrier via an aggregator relying on screen-scraping," said a source at a payments company.

Similarly, Richard Warren, senior consultant with FirstPartner/The Human Chain, fears that TMCs and other intermediaries, citing reasons to avoid applying SCA to any customer plastic card transactions, could end up in trouble. "Schemes want to allow acquirers to flag up in an authorization message that a booking is secure because it is initiated in a secure corporate environment, but it is not clear that will be acceptable under the regulatory technical standards," he said. An e-mail booking request by a client to a TMC is also "a gray area. It could potentially be handled as MOTO, but whether regulators will be happy in the long term is unclear."

Warren urged TMCs and issuers to "look at aspects of MOTO that in the long term, regulators may not be happy with." More urgently, said the payments company executive, "the message is: There is a grace period in some markets, but you need to work on the assumption there isn't one." ■

Strong Customer Authentication Pitfalls

- Some corporate travel payments do not qualify either as out of scope or exempt.
- In spite of the U.K.'s lead on secure corporate payment exemptions, it's premature to "assume yet that the rest of the EU will follow suit on lodge and virtual cards," said Richard Warren, senior consultant with payments consultancy FirstPartner/The Human Chain.
- Even when payments are exempt, there is not yet a reliable means for merchants to signal to a card issuer that the payment does not require SCA. This is a critical point because "it is typically the card issuer that must decide if a transaction is fraudulent or not and assume any resulting liability from that decision (unless the acquirer has assumed this responsibility)," according to Amadeus.
- According to Warren as of press time, around a dozen national regulators in EU member states are expected not to state by Sept. 14 whether they will introduce a grace period.
- Even jurisdictions that have allowed grace periods don't let businesses off the hook. "Regulators are going to need to see and agree to a migration plan," said Warren. The U.K. authority, for example, stated it "will not take action against firms ... where there is evidence that they have taken the necessary steps to comply with the plan."

The Beat

RESEARCH



CORPORATE TRAVEL TECH ADOPTION

Technology is the great enabler of travel management. From online booking tools to niche traveler rewards systems, corporations can deploy an array of tools to guide travelers pre-trip, in-trip and post-trip. But what have they deployed? What do they plan to implement next? From the entrenched to the niche, this report, based on a survey of more than 200 travel buyers, assesses adoption in 11 key technology categories. The report also provides a look at forward-looking adoption levels.

THIS IN-DEPTH REPORT AND WEBINAR EXAMINE:

- What are the core components of managed travel tech stacks?
- Which technology categories do travel buyer respondents plan to implement next?
- What are the niche tech tools that buyers have more slowly embraced?

READ THE REPORT AND REGISTER FOR THE OCT. 17 WEBINAR:

<http://bit.ly/BeatResearch-Corp-Travel-Tech-Adoption>

sponsored in part by

IHG[®]
Hotels & Resorts

UATP

UNITED
FOR BUSINESS 



BCD Travel Acquires Adelman

BY ELIZABETH WEST

Mega travel management company BCD Travel has acquired Milwaukee-based Adelman. Travel Weekly ranked Adelman No. 23 in its global Power List for 2019. According to a BCD news release, Adelman realizes \$675 million in annual sales. The acquisition follows BCD's July majority stakeholder investment in Hitachi Travel Bureau.

BCD Travel president and CEO John Snyder said the acquisition was an easy decision, given Adelman's status as a BCD affiliate since 2017 and Adelman's appetite for innovation. "They're always among the first to raise their hands to look at and test new technologies BCD has brought to the table," he said; in addition, the company's client base was an attractive element of the business. "We have an interest in growing in that small to midsize market."

Given the pace of TMC consolidation and the number of buyers in the market, keeping a high-performer within the BCD family was another factor. "That was a big part of the motivation; we do a lot of the due diligence for the affiliate program, so if [an affiliate] steps up and says they are looking to sell, we are first in line." said Snyder. "In the case of Adelman, they also wanted to find the right place for employees

who have been great to them for so many years. That was definitely a concern on their side."

According to a BCD spokesperson, Adelman will operate as a stand-alone company and there are no plans to integrate organizations. Adelman CEO Andy McGraw and president and COO Steve Cline will remain in their positions.

More Opportunities

BCD has demonstrated a consistent appetite for acquisitions. The Adelman purchase is the latest in a string that has included BCD operations in Brazil, China, Hong Kong, Colombia, Japan and Poland. It's the company's third move in the U.S. market in the past five years, after taking a majority stake in Acendas Travel in 2017 and acquiring World Travel Service in 2015. In addition, the company has made key acquisitions in the meetings

BTNGROUP

Louis Magliaro, Senior Vice President & Group Publisher
973.769.0028 • lmagliaro@thebtngroup.com

EDITORIAL

Elizabeth West
Editor-in-Chief
732.494.1955 • ewest@thebtngroup.com

Jay Boehmer
Editor-in-Chief, The Beat
646.380.6249 • jboehmer@thebtngroup.com

Amanda Metcalf
Managing Editor
646.380.6248 • ametcalf@thebtngroup.com

Michael B. Baker
Senior Editor, Transportation
646.380.6250 • mbaker@thebtngroup.com

Donna M. Airoidi
Senior Editor, Lodging & Meetings
646.380.6264 • dairoidi@thebtngroup.com

Adam Perrotta
Editor, Payment & Technology
518.859.5117 • aperrotta@thebtngroup.com

Dawit Habtemariam
Staff Writer & Assistant Editor
646.380.6267 • dhabtemariam@thebtngroup.com

James Jarnot
Art Director
646.380.6252 • jjarnot@thebtngroup.com

DIGITAL

Alexandra Mancini
Digital Director
201.902.1984 • amancini@thebtngroup.com

SALES

Anthony Carnevale
Publisher & Content Licensing
201.902.1976 • acarnevale@thebtngroup.com

Lindsay Straub
Business Development Director
646.380.6274 • lstraub@thebtngroup.com

Rich Markus
Business Development Director
301.944.4324 • rmarkus@thebtngroup.com

Debbie Anderson
Hawaii
808.739.2200 • debbieanderson@dmhawaii.com

Michiko Kawano
Japan
+81-3-3661-6138 • kawano-pbi@gol.com

Lavender Tan
Singapore
(65) 9752 8613 • lavtan@singnet.com.sg

PRODUCTION

Michele Garth
Production Manager
201.902.1930 • mgarth@ntmlc.com

Lisa Gonzales
Gayle Graizzaro
Production Specialists
201.902.2000
lgonzales@ntmlc.com
ggraizzaro@ntmlc.com

CONFERENCES

David Meyer
Executive Director of Conference
Content & Strategy
646.380.6246 • dmeyer@thebtngroup.com

Melissa Gain
Event Manager
917.626.6832 • mgain@thebtngroup.com

MARKETING

Max Bzdyk
Marketing & Promotions Associate
646.346.5676 • mbzdyk@thebtngroup.com

CONTENT SOLUTIONS

Mary Ann McNulty
Director of Content Solutions
630.519.4510 • mmculty@thebtngroup.com

Mariza Moreira
Group Design Manager
201.902.1965 • mmoreira@ntmlc.com

LIST RENTAL

Danielle Zaborski
MeritDirect
914.368.1090 • dzaborski@meritdirect.com

REPRINTS

Robbie Ray
Wright's Media
877.652.5295 • northstar@wrightsmedia.com



Thomas L. Kemp
Chairman & Chief Executive Officer

Lisa Cohen
Chief Financial Officer

Robert G. Sullivan
President, Travel Group

Matthew Yorke
Chief Digital Officer

David Blansfield
Executive Vice President &
Group Publisher

Arnie Weissmann
Executive Vice President &
Editorial Director

Janine L. Bavoso
Senior Vice President, Human Resources

Roberta Muller
Senior Vice President,
Product Development & Production

Ankeet Patel
Senior Vice President, Technology

Sheila Rice
Vice President, Information
Products Group

Elizabeth Koesser
Vice President, Database Products

BTNG Group Editorial & Sales Offices • 116 W. 32nd St., 14th Floor,
New York, NY 10001 • www.businesstravelnews.com

Subscription Services • 800.231.3776 • btn@omeda.com • Business Travel News,
PO Box 2007, Skokie, IL 60076-2007 • www.businesstravelnews.com/subscribe

Corporate Offices • 100 Lighting Way, 2nd Floor,
Secaucus, NJ 07094 • www.northstartravelgroup.com

and events space in the U.S. and the U.K. Snyder told BTN the company will continue to look for strategic partners to bring under ownership.

“Without a doubt, you’ll be hearing more news on the [meetings and events] side,” he said. “We are in discussion with interesting lines of business, some focused around events and experiential. You’ll likely hear more global acquisitions to strengthen our global network, even though I feel we have the strongest network already. But before the end of the year, two or three more will pop.”

Aside from acquisitions, BCD continues to grow its energy, resources and marine offering and the media and entertainment category remains a “tremendous focus” for the company, said Snyder, indicating that he foresees an acquisition in the latter category before the end of the year on top of BCD’s organic growth efforts in that space.

Asked whether the American Express Global Business Travel/HRG merger influenced BCD’s acquisition strategy, Snyder dismissed the notion. “As a stakeholder in HRG, we took a pass,” he said. “We have a strong track record of investing at least 40 percent of our earnings back into the business for the last four or five years. It requires that to stay relevant.” He underscored that BCD’s growth strategy is aimed at becoming a stronger and healthier business and continuing that investment. “I would question an acquisition that was primarily about size. We acquire companies that are a cultural and strategic fit. We want to be the strongest and [highest]-quality TMC in the business.” ■

Reed & Mackay Acquires Business Travel Direct

BY DAWIT HABTEMARIAM

U.K.-based travel management company Reed & Mackay has acquired Business Travel Direct from Ickenham Travel Group. The acquisition is part of Reed & Mackay’s growth strategy. This year, Reed & Mackay has acquired Australian TMC Concierge Travel Group, partnered with Chinese TMC Connexus and opened a joint office with travel agency Munckhof Business Travel in the Netherlands.

Business Travel Direct is an interesting buy for service-oriented Reed & Mackay. Both companies are client oriented, but Business Travel Direct has taken on certain initiatives that Reed & Mackay has not. This includes a close partnership with Concur by which Business Travel Direct recently became the

first TMC to enable British Airways New Distribution Capability bookings through the Concur platform. That’s an all-or-nothing proposition, however, that takes all air content out of the global distribution system workflow for clients that flip the switch on the Concur side. In March, Reed & Mackay joined Sabre’s Beyond NDC program, which focuses on access to NDC content through the GDS channel.

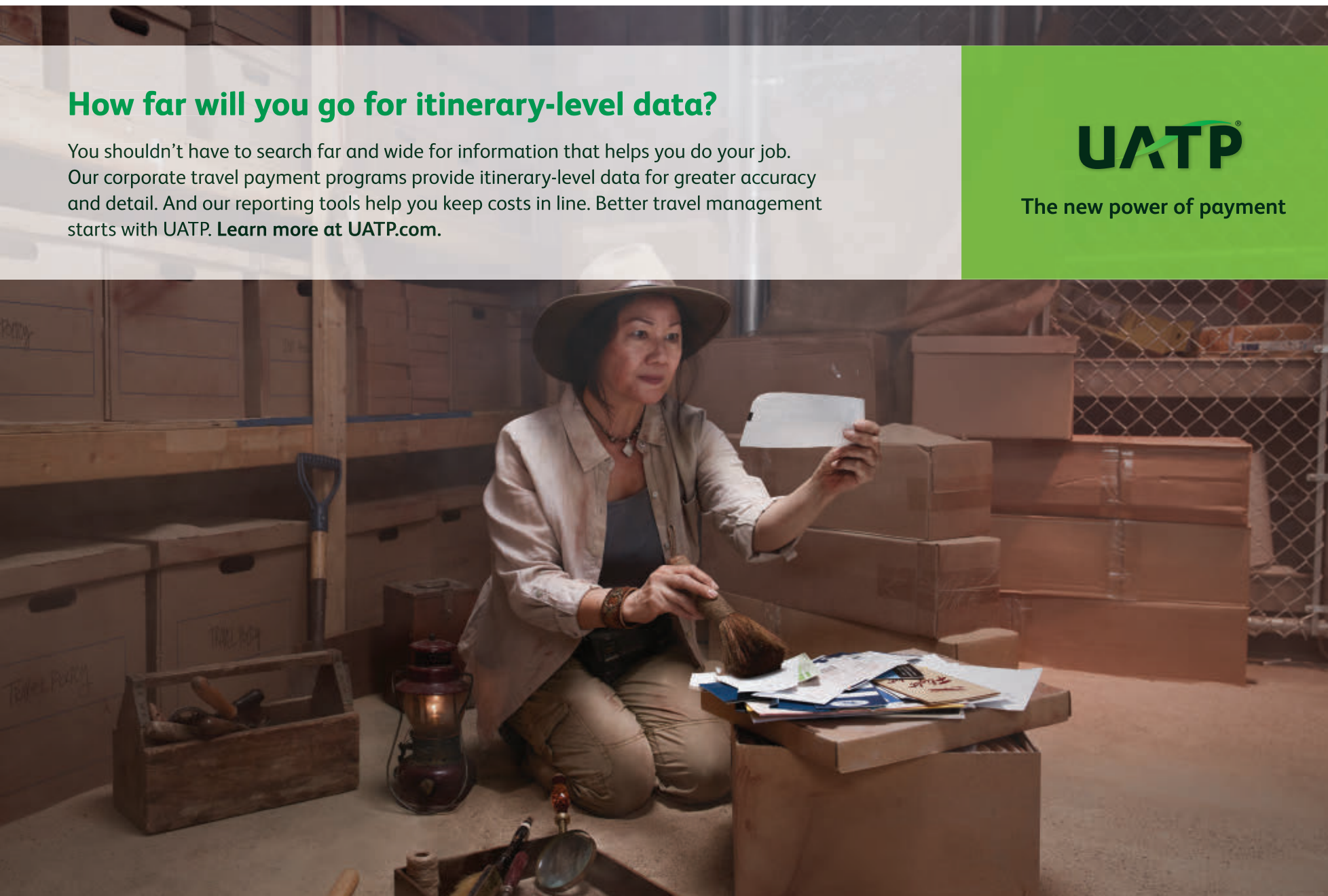
The companies’ differences may complement each other, and, according to a Reed & Mackay spokesperson, Business Travel Direct will operate as a stand-alone business for the foreseeable future. Managing director Julie Oliver will continue to lead Business Travel Direct. ■

How far will you go for itinerary-level data?

You shouldn’t have to search far and wide for information that helps you do your job. Our corporate travel payment programs provide itinerary-level data for greater accuracy and detail. And our reporting tools help you keep costs in line. Better travel management starts with UATP. **Learn more at UATP.com.**

UATP[®]

The new power of payment



How AI Reconciles the Needs of Businesses & Their Travelers

BY A.G. LAMBERT

A longstanding conundrum in corporate travel programs is how to balance business priorities like saving money while still catering to employees' needs for tailored travel experiences. For example, by providing employees with complete flexibility to book travel, travel managers often run into challenges with policy compliance. On the flip side, requiring strict compliance means less enjoyable and productive business travel experiences and employees who don't feel acknowledged. That hurts morale and retention.

This is where artificial intelligence balances the scales. AI reconciles the competing needs of corporations and their employees, and as technology evolves and gets even smarter, these advanced solutions will continue to improve T&E management. Here's a look at how AI juggles the unique and distinct needs of both travel managers and travelers and what's in store for the future.

Where We Are Today

AI is the ultimate data manager. It collects, organizes and draws insights from expansive data sets. While this sounds simple, AI can make recommendations based on user and company data learned over time and interact with other applications also using AI to maximize efficiency. The key is machine learning algorithms that process and synthesize the data providing near real-time feedback and assistance that makes employees' lives easier and helps meet corporate goals.

When it comes to expenses, machine learning models today replace optical character recognition and can instantly read handwritten tips and totals from pictures of receipts. Based on previous expense activity, they can predict what's not on the receipt—such as vendor, location or type of expense—saving travelers time from manually populating details while also leaving little room for interpretation. In fact, machine learning can audit expense reports and validate whether expenses are accurate and in policy by cross-checking them against hundreds of data elements in seconds. With business travel spending expected to reach \$1.7 trillion by 2022, according to the Global Business Travel Association, even a fraction of a percentage improvement in savings from policy compliance and reduced fraud could save billions. And as business travel expands beyond borders, AI relieves a huge amount of work for travel managers and travelers by making sense of receipts in different languages and providing accurate translations that factor in context.

Traveler safety is another area where AI is already having an impact. Travel managers want to ensure duty of care and reach employees at a moment's notice in the event of an emergency. Employees want the reassur-



A.G. Lambert is SAP Concur SVP product strategy

In the next couple years, machine learning will continue to alleviate pain points in corporate travel programs by redirecting tedious tasks to automated technology.

ance that their safety is a priority, but they don't want to give up their privacy by having location tracking on at all times. Machine learning alleviates this pressure by analyzing traveler data like credit cards and itineraries and ensuring the data is accurate. Take, for example, a traveler whose itinerary shows a connecting flight from Atlanta to New York at 3 p.m. and a hotel reservation in New York that night. If the flight takes off as scheduled and that traveler uses his or her credit card at the Atlanta airport at 4 p.m., machine learning could pick up, from itinerary and card transaction data, that the traveler missed the flight. But what about times when the vendor location that feeds into credit card systems doesn't match the transaction location? If that traveler photographed and uploaded the receipt, receipt image processing and analysis of previous card transactions could help pinpoint the traveler's most likely location. Machine learning combines data feeds to produce the most accurate data to predict where employees may be, all without explicitly tracking their every move.

What's Coming

Travel managers' roles have evolved. They're now seen not as gatekeepers but as service providers across multiple booking channels. But they're constantly overwhelmed with how to glean meaningful insights from the sheer amount of data they have at their fingertips. Luckily, machine learning has the speed and agility to draw learnings from data in real time. That means that as time goes on and more and more data is collected, these algorithms will become smarter still.

In the next couple years, machine learning will continue to alleviate pain points in corporate travel programs by redirecting tedious tasks to automated technology. For example, bots will replace written travel policies, using natural language processing to answer travelers' questions. Regardless of the channel where travel was booked, machine learning will check imported itineraries in real time for compliance with booking rules and corporate discounts. Not only will this increase efficiencies for travelers and travel managers when booking, it will also increase compliance and save companies money when travelers use supplier discounts.

As machine learning recognizes patterns in traveler behaviors, it will move from anticipating and recommending itineraries to actually booking travel based on past experiences, calendar holds, user profiles and preferred loyalty programs. This same technology will enable travel managers to ensure that corporate discount programs and commitments are maintained. Hotel bookings will be complete with customized room temperature, amenities and entertainment preferences, all by machines learning from travelers' past trips.

When AI frees travelers and travel managers from time-intensive and low-impact tasks, they're granted new opportunities for interesting, creative, strategic work—the type of meaningful work that helps both employees and businesses get ahead. And by making compliance easy and seamless, AI will bridge the gulf between traveler and corporate priorities, making life better for employees and travel managers alike. ■

Business Travel News (USPS 0728-870, ISSN 8750-3670) September 16, 2019 Issue 860 Vol. 36, No. 13. Business Travel News is published monthly except thrice-monthly in April and semi-monthly in June, August, September, and November by Northstar Travel Media, LLC, 100 Lighting Way, Secaucus, NJ 07094 (201) 902-2000, and is distributed free of charge to qualified corporate travel buyers and travel agents specializing in business travel in the United States and Canada. The cost of a print subscription to non-qualified subscribers is \$129 in the U.S.; \$142 in Canada and Mexico; and \$210 in other foreign locations; the cost of a digital edition subscription is \$65; payable in advance in U.S. dollars. Registered for GST as Northstar Travel Media USA GST No. 264513185. Canadian GST #123397457. Periodicals postage paid at Newark, NJ, and additional mailing offices. Business Travel News is a trademark owned exclusively by Northstar Travel Media. Copyright © 2019 by Northstar Travel Media, LLC. Reproduction of this magazine, in whole or in part, is prohibited unless authorized by the publisher. Editorial and advertising offices: 100 Lighting Way, Secaucus, NJ 07094. For all circulation inquiries, including new subscriptions, renewals, cancellations, changes of address and problems with missed deliveries, contact customer service by mail at Business Travel News, P.O. Box 2007, Skokie, IL 60076; by phone at (800) 248-0588; fax at (847) 291-4816; e-mail at btn@omeda.com; or www.businesstravelnews.com/subscribe. POSTMASTER: Send change of address to Business Travel News, P.O. Box 2007, Skokie, IL 60076. Printed in the USA. BPA



**GET A TASTE OF PORTUGAL
BEFORE YOUR PORTUGAL
STOPOVER.**

Great meals can be expected with a stopover in Lisbon or Porto for up to five nights. Now with TAP's "Taste the Stars" program you'll enjoy incredible meals before you even land. Fly TAP out of eight North American gateways to over 70 destinations in Europe and Africa.



flytap.com



TAP AIRPORTUGAL



You'll always win with United.®

No matter what you're looking to get from a business airline, United offers it. It's why when businesses want the best, they choose United.

Choose United as the #1 airline in the BTN survey at united.business/flyhigher