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BUSINESS TRAVEL NEWS

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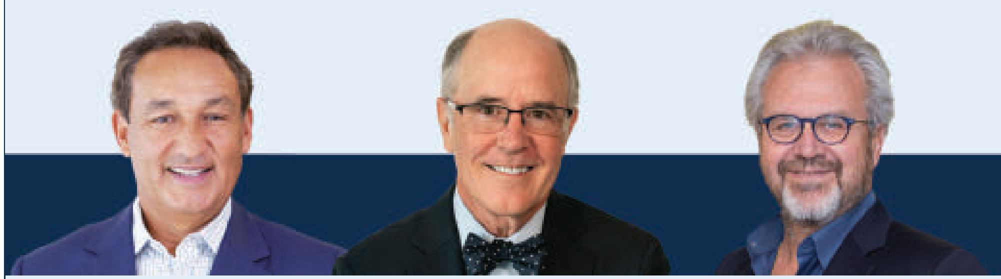

SENIOR MANAGEMENT SHUFFLE

A trio of executives—United Airlines CEO Oscar Munoz, Airlines Reporting Corp. CEO Mike Premo and American Express Global Business Travel president Philippe Chereque—will depart their current positions in 2020. What comes next?

PAGE 3

TOP STORY

Illustrating Influence

To paint a picture of the business travel industry in 2019, your palette would need to include big acquisitions, power moves, spectacular flameouts and a bit of innovation. On BTN's canvas, the Most Influential of 2019, you'll find executives wrangling with the changes wrought by the New Distribution Capability, growing or returning their companies to new heights and bringing inventive new tools to market. You'll find the world leaders who played the most direct part in charting the industry's course, the government officials who stymied suppliers' plans or adjudicated the disputed among them, the buyers who found new ways to tackle old problems, and some executives for whom 2019 was a year to forget. You'll also find the youngest person to ever appear on this annual list since the very first one back in 1984. When it comes to influencing the business travel market in 2019, though, age is nothing but a number.

FULL STORY ON PAGE 8

Next Generation Storefront: Coming to a Channel Near You

BY DAWIT HABTEMARIAM

ATPCO has finalized the first version of the Next Generation Storefront standard for the U.S. domestic market, a year after the initiative to develop the standard was launched at ATPCO's 2018 Elevate Conference.

NGS standardizes how online booking tools, global distribution systems, aggregators and online travel agencies sort and group airline product data in their retailing displays, so travelers can understand everything that's included in a displayed fare and compare airline products consistently across multiple distribution channels.

Over the past decade, airlines have introduced branded fares to differentiate their products. However, airlines contend booking tools, online travel agencies and other indirect distribution channels continue to commoditize these fares.

"In a world of branded fares, no one knows how to interpret and compare. How do we solve for that? That's what this effort is all about. It's making the choice of product between carriers simpler than it is today," Delta managing director of global distribution strategy Jeff Lobl said in October during a Master Class panel at The BTN Group's Innovate conference.

Under the Next Generation Storefront initiative, distribution channels, airlines and distribution system providers have been collaborating in a working group and an advisory group to hash out the standard. Working group members test options and provide feedback to the advisory group, which provides guidance and can veto and finalize changes.

The initiative includes 34 airlines, including U.S. carriers Alaska Airlines, American Airlines, Delta Air Lines, JetBlue Airways, Southwest Airlines and United Airlines, as well as global carriers Air Canada, Air

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Bizly's Ron Shah on the meetings sourcing and management solution's expansion and tech strategies

"At the heart of it, what has been missing in the marketplace has been the ability to be creative. If you take the creativity away, then why are we even doing this?"

6 | Data Hub

Guarding Against Tech Threats

31% specifically address cybersecurity in travel policy


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Kirby to Succeed Munoz as United CEO in May 2020

BY MICHAEL B. BAKER

United CEO Oscar Munoz will step down in May and be replaced by current United president Scott Kirby, United announced this month.

Having served as CEO for more than five years, Munoz in a statement said that "now is the right time to begin passing the baton to a new leader." Munoz recruited Kirby to United in 2016 from American Airlines, where he had served in the same position since its 2013 merger with US Airways and as president of US Airways for the seven years prior.

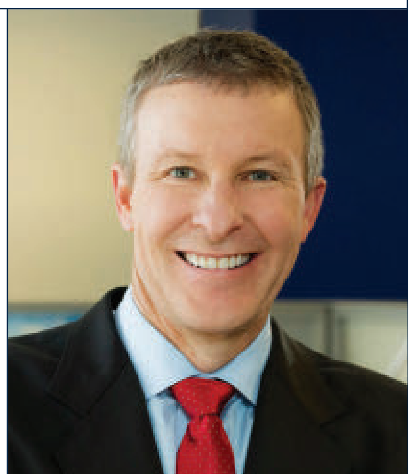
"I am confident that there is no one in the world better equipped to lead United to even greater heights," Munoz said.

Munoz stepped into the CEO position in September 2015 following the abrupt departure of former president and CEO Jeff Smisek, who had led the carrier since its merger with Continental but resigned amid an internal investigation related to a federal corruption probe. Munoz had served on United's and Continental's boards for 11 years but was otherwise an outsider to the airline industry, joining United from rail transportation company CSX.

His first years in the job presented some challenges. A heart attack and subsequent heart transplant sidelined him for about five months shortly after he took the job. About a year later, Munoz and United faced intense public scrutiny following the viral video showing the forcible ejection of 69-year-old David Dao after he was involuntarily bumped from his flight. At the time, rumors abounded that Munoz was not long for his job.

Since then, however, United has seen a significant turnaround under Munoz and Kirby, strengthening its network from its hubs and improving operational and financial performance. BTN's 2019 Airline Survey showed significant gains in corporate travel buyer sentiment toward the airline as well.

"When I joined United as CEO, I laid out ambitious goals to build a new spirit of United by regaining the trust of our employees and customers, and I'm proud of how far we've come," according to Munoz. "Along with the successful implementation of the plan our team laid out in January 2018, United's operational and financial performance isn't just better—it's better than ever."



> "Everything we're doing, the foundation was Oscar coming in and changing the culture with front-line employees."
>
> —UNITED'S SCOTT KIRBY

United also improved labor relations under Munoz. "Oscar Munoz fought against all odds to rescue United from being torn apart and return it to premier status in the industry," Association of Flight Attendants-CWA president Sara Nelson tweeted this month. Years earlier, she had said her union had "rarely experienced a CEO as engaged or committed to the success of an airline."

"Everything we're doing at United, the foundation of it was Oscar coming in, when I wasn't there, and changing the culture with the front-line employees," Kirby said in October at the ARC TravelConnect conference.

Upon his departure as CEO, Munoz will serve a one-year term as executive chairman of United's board, still working with Kirby. Current chair, former U.S. Federal Aviation Administration administrator Jane Garvey, will retire from the board at that time.

At the ARC event, Kirby called Munoz a "true mentor," saying that soon after joining United, Munoz sat down with him and offered feedback on his leadership skills, which he said was the first time in his career that anyone had done so.

Philippe Chereque to Depart Amex GBT

American Express Global Business Travel president Philippe Chereque will leave the company on March 31, 2020—but Chereque won't be cutting ties with Amex GBT completely. After departing the travel management company, he will join Certares, the travel industry investment firm that leads a private equity group holding a 50 percent stake in Amex GBT. Certares was founded and is led by Amex GBT chairman Greg O'Hara.

Chereque joined Amex GBT as chief technology officer in 2014 and was elevated to president two years later. He led the company's 2016 acquisition of travel and expense technology provider KDS, among other achievements.

Upon Chereque's departure, Andrew Crawley will join Amex GBT in the newly created role of chief commercial officer, effective April 1, 2020. Based in London, Crawley currently serves as chairman and CEO of the Avios Group, the loyalty company owned by International Airlines Group, and is a member of IAG's management committee. He previously held leadership roles including CEO of IAG Cargo and chief commercial officer for British Airways.

ARC CEO Mike Premo to Retire at Year-End 2020

Current executive VP & COO Lauri Reishus will take the reins in 2021.

BY ELIZABETH WEST

Airlines Reporting Corp. announced in November that president & CEO Mike Premo will retire from the company on Dec. 31, 2020. ARC's board of directors has unanimously elected current executive VP & chief operating officer Lauri Reishus to step into the CEO role on Jan. 1, 2021.

Premo joined ARC in 2006 as VP business development. He was named president & CEO in 2011. Under his leadership, company revenues grew 44 percent as ARC expanded its data products, partnerships and services. BTN named Premo among 1995's list of the 25 Most Influential people in the industry and again in 2009. The latter of the two awards recognized Premo's work in pushing the electronic miscellaneous document as a solution for agencies as airlines unbundled fares and moved toward ancillary airline purchases.

The move foreshadowed the many ways in which Premo has positioned ARC as a facilitator for airlines and agencies as the market has shifted to a retailing strategy.

ARC's more recent involvement in New Distribution Capability, as well as its 2019 leadership role in testing a blockchain-based ticket reporting and settlement system with one of United's largest corporate accounts, have been notable. ARC's investment this year in blockchain startup BlockSkye and off-channel travel data capture solution Traxo have pushed the industry to consider omnichannel models for managing travel.

"It's been an incredible privilege and honor to serve this extraordinary company for more than a decade," said Premo. "During this time, ARC has truly transformed from a service organization to a leader in enabling air travel retailing. I'm proud of how my ARC colleagues continue to meet the challenges facing our customers head-on, helping them thrive in a shifting landscape. I am excited about all the possibilities that lie ahead for ARC."

On the Record

Meetings Solution Bizly Shares Expansion Plans And Tech Vision

Meetings sourcing and management solution Bizly received an honorable mention at BTN's 2019 Innovation Faceoff, where founder and CEO Ron Shah presented some of the changes in the works for the technology tool, which he has dubbed Bizly 2.0. Shah sat down with BTN editor in chief Elizabeth West and meetings editor Donna M. Airoldi to discuss the product's new capabilities being launched in early 2020 for small, simple, self-service meetings (SSS), as well as six new hires for the company.

Bizly CEO Ron Shah talks:

- A spate of new hires
- Scope of the small, simple, self-service meetings market
- Bizly's business plan

TELL ME ABOUT ALL THE HIRING YOU'VE BEEN DOING.

We've brought on Denise Jacobs, James Sekab, Jay Moore, Glenn Thorsen, LiRen Zhu, and Kevin obviously. [Kevin Iwamoto joined Bizly in October as chief strategy officer. The others came on board more recently.]

WHAT ARE ALL THESE PEOPLE GOING TO BE DOING?

Denise Jacobs was at [the mobile app platform purchased by Cvent] DoubleDutch for a number of years doing all their alliances. As director of business development, she'll focus on how we work with travel management companies and agencies. We also brought in a head of customer success, Jay Moore, who spent 10 years in SaaS companies and is an expert in adoption and has worked with administrative assistants and others in different roles. He brings a lot of credibility to the table around how we're going to scale customer success. Glenn Thorsen left Airbnb to come to Bizly. His first goal is to launch us in Europe. We're targeting that for early next year. He's focused on the venue side … on relationships and building our footprint and internationalization of the product. Our vision for venues is that Bizly will always be free. We're not going to do a pay-to-play model. However, we will have an ask for venues, which is, let's make life easier for planners. If a customer creates a template on Bizly, there should be matching packages for venues.

THAT PACKAGE WILL LIVE EXCLUSIVELY ON BIZLY?

That's the idea.

WAS THERE CAPITAL INFUSION THAT HELPED YOU?

We just announced an investment from JetBlue [Technology Ventures]. They led the round, [but it also included] Hone Capital and Zoom CEO Eric Yuan. It was a small round but we will do a bigger one soon [that will be] the last round of required financing. We've found a very profitable space. … I don't want to say we won't raise more. But this is our big push.

YOU MENTIONED A PROFITABLE SPACE. WHAT'S THIS NICHE?

Over the last few decades, all the technology has been built around one-on-one interactions. You can't be on your phone today in a group setting and really connect with the people around you. You take a picture and everyone is like, "send me that picture." You pay [a dinner] bill and everyone is like, "how do we split it?" There is no technology that includes that group dynamic. There's a really profitable business opportunity around SSS events [that leverages technology purpose-built to address this group dynamic]. It goes way beyond corporate events and addresses what we think is one of the biggest markets in business, which includes the meetings in your office. SSS itself represents about 60 percent of meetings. If you look at in-office meetings, we are now talking about 50 percent to 60 percent of all professional time being spent. [You should be able to] go into your meeting technology, organize your meeting, book your conference room, order food, link to Zoom, walk in and record the meeting, then send out a survey after and see how it did. That's the holy grail for us. There isn't a company we've talked to that doesn't need this.

HOW DID YOU HAVE TO THINK DIFFERENTLY ABOUT MEETINGS TECHNOLOGY TO FILL THIS NEED?

You can't solve the problem for the user with an OTA model where you click and book. The planner can't book without knowing the format of the event, the flow of the content. They also need to know who is coming and communicate with guests. And they need to know logistics. There is no way to divorce these workflows. So that was the aha moment for us.

HOW HAVE YOU APPROACHED THOSE WORKFLOWS?

In Bizly, you basically click one button. The idea is radical simplicity. … What we do in our new application is, you click the button, it's already filling the buckets for you, the buckets are filling based on what you are selecting. If you have selected a team offsite, the tool recommends programming for a team offsite. It's giving a recommended invite for a team offsite. It's giving three recommended venues for a team offsite. Depending on where [the planner] is, group size, etc. The idea is, can we use today's technology to be more intuitive?

YOU MUST HAVE FLEXIBILITY IN TERMS OF THE RECOMMENDATIONS AND TEMPLATES.

Our major customers are all creating their own library of templates reflecting their brand, their way of doing meetings and the individual's way of doing meetings. We don't dictate or prescribe. We give them the tools and the scaffolding infrastructure to be creative. At the heart of it, what has been missing in the marketplace has been the ability to be creative. If you take the creativity away, then why are we even doing this? Because at the end of the day, events are the things that employees and customers remember.

HOW ARE YOU MAKING MONEY?

We are purely an SaaS platform. Our core economic engine is built around profitability around per event creator. We have a very clear focused business model around subscription for event creators, and every creator can do as many events as they want without a transaction cap.

WHEN DOES BIZLY 2.0 LAUNCH?

Bizly 2.0 will be rolled out more comprehensively in January after we complete our patent filing. ◾

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Thank **you** for a wonderful year

This year, we put you at the center of everything. From broadening our global brand portfolio to designing new tools and programs that elevate your influence and impact. We're looking forward to evolving and innovating the ways we serve you in 2020 and beyond.

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Kathy
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Data Hub

BY CHRIS DAVIS

Will Travel Get Riskier in 2020?

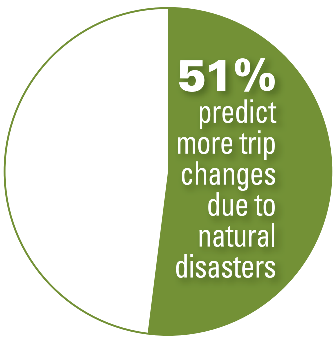
With protests in Hong Kong, wildfires in the United States and Australia and continued unrest in Syria, Venezuela and Yemen—to name just a few locations—2019 proved to be another year in which natural and man-made disasters and incidents disrupted business travel throughout the world. Travel risk management firm International SOS in September 2019 conducted an online survey of 1,346 business travel professionals in 214 countries to assess whether and how perceptions of travel risk have changed during the past year. More than half indicated they had to contend in 2019 with higher year-over-year levels of traveler health and security risk, pointing most frequently to security threats and civil unrest as the causes. Significantly more, though, believe that security and geopolitical threats will disrupt business travel in 2020.

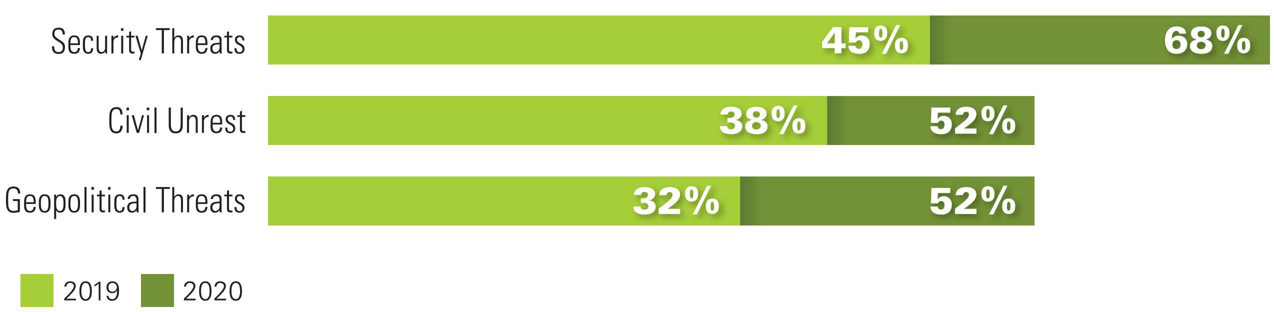
Meanwhile, International SOS suggested that corporates often aren't keeping up with potential risk factors concerning "emerging traveler habits ... and diversification of the workforce" with specific language in travel policies. The firm calls this the "grey zones of risk" that a sound travel policy could cover.

51% OF TRAVEL MANAGERS SAY TRAVEL RISK INCREASED IN 2019

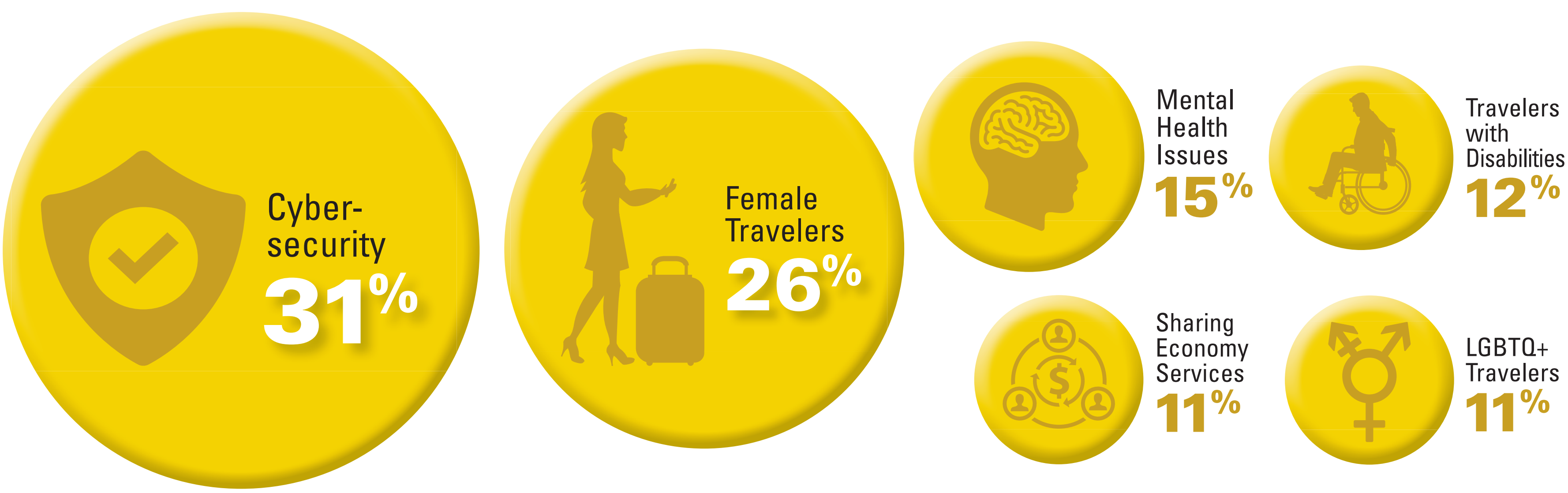
47% OF TRAVEL MANAGERS SAY TRAVEL RISK WILL INCREASE IN 2020

Travel managers cited several risk vectors that forced travelers to change their itineraries in 2019. Looking ahead, they predict more disruption…





ISOS says "gray zones of risk" need more attention in travel policy. Among the survey's 1,346 respondents, here's how many currently address these areas in travel policy.



BTN'S 25 MOST INFLUENTIAL 2019

Hospitality's Usain Bolt

OYO ROOMS FOUNDER & GROUP CEO

RITESH AGARWAL

Ritesh Agarwal founded OYO Rooms with a single hotel in Gurgaon, India, in 2013. He was 19 years old. Today, it's the world's second-largest hotel company, at least by room number, surpassing 1.2 million rooms in about 35,000 hotels. Those plus its 125,000 vacation homes are spread across 800 cities in 80 countries. Agarwal recently told Bloomberg Businessweek that the company adds between 70 and 80 hotels a day, a speed at which no other major hotel business comes close.

The company's footprint is largest in India, its home base, but it has made significant investments in China and other countries on four continents. It also announced in June a $300 million shot into the U.S. market, where the company now operates more than 200 OYO hotels in 21 states and 60 cities, including Las Vegas' former Hooters hotel, which it purchased in August. The company has been opening on average 1.5 hotels per day, Agarwal told BTN. As for how much of its business is attributed to corporate travel globally, the company wouldn't say. But it did share that in India, the portion is about 30 percent. GBTA in 2018 forecast that the total business travel spend in India was approximately $37.1 billion, so hardly insignificant.

OYO's SilverKey and Collection O brands cater to the corporate travel market in India. Agarwal also noted that business travelers benefit from OYO Wizard, which is a paid loyalty program in that country. There are more than "5 million subscribers contributing to 49 percent of OYO bookings." Frequent customers earn "guaranteed discounts, cashback, discount coupons and upgrades."

The company recently was valued at $10 billion and has attracted investment dollars from such well-known funders as SoftBank Vision Fund, Sequoia Capital and Lightspeed Ventures, among others. Even onetime rival Airbnb invested in the company in April, to the tune of between $100 million to $200 million. When it comes to corporate details, however, the private company keeps its information close to the vest.

Still, its rapid rise has come at a cost. Reuters in November reported that OYO filed a valuation report with India's ministry of corporate affairs that showed a net loss of 23.85 billion rupees ($332 million) in the year to March 2019, compared with a loss of 3.6 billion rupees a year earlier. It also included projections of losses in India and China through at least 2022. Some hotel owners have complained that OYO focuses on occupancy at the expense of profits.

Whether OYO can penetrate the U.S. business travel market remains to be seen, but if its India numbers are any indication, the answer is a swift yes.

—Donna M. Airoldi

Game Changer

ZS ASSOCIATES TRAVEL OPERATIONS MANAGER

SUZANNE BOYAN

"We just didn't find value in the GDS model of booking travel," said ZS Associates travel operations manager Suzanne Boyan, explaining the rationale behind her bold experiment to shift her company's program toward a model that eschews the travel management company and global distribution system paradigm in favor of direct connections with suppliers, bolstered by third-party specialists—all tied together by data aggregation from Traxo.

The program employs a direct connection with United, undergirded by the airline's integration with Traxo, which funnels back to ZS all bookings the company's travelers make directly with the airline. Hotel booking is completely unrestricted in most cases, with Traxo capturing booking data via email confirmations using its Traxo Filter email-parsing tool.

To fulfill other travel and support services 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. International SOS provides 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.

After a small pilot in 2018, ZS rolled out the program steadily this year and changed her TMC relationship from a global player to a boutique agency willing to innovate within ZS's new model. The ultimate goal is to shift 50 percent of air and hotel booking volume to direct channels rather than a TMC.

Boyan's project fundamentally is 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 a new managed travel model, one in which corporate travel managers can use direct supplier connections and third-party service providers to tailor travel programs to their organizations' unique needs. That approach could help redefine how corporations buy travel—and push TMCs to adapt to remain relevant.

"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."

The risk has paid off for ZS—and for Boyan, who was named BTN's 2019 Travel Manager of the Year.

—Adam Perrotta

Deem Teamer

ENTERPRISE HOLDINGS SVP AND CHIEF ADMINISTRATIVE OFFICER

STEVE BRACKNEY

When Steve Brackney, who leads mergers and acquisitions for car rental giant Enterprise Holdings, pulled the trigger on the company's January acquisition of San Francisco-based corporate travel booking platform Deem, the deal was the culmination of years of increasingly close cooperation between the two organizations. Enterprise nabbed its first investment stake in Deem in 2016, and its EHIDirect booking platform for small and midsize businesses has run on Deem's technology since 2011. Last year, the firms joined on a car and driver service in China operating under Enterprise's National Car Rental brand.

"We saw this as an opportunity to acquire an innovative travel platform that we have partnered with for several years," Brackney said.

Beyond solidifying that established relationship, bringing Deem fully under its corporate umbrella was a major competitive maneuver by Enterprise, which already enjoys a dominant share of the global car rental market. That's because Deem, which after the acquisition continues to operate autonomously under CEO John Rizzo, also supplies several Enterprise competitors with booking technology—essentially turning those competitors into clients.

The acquisition also brings into the Enterprise fold Deem's intellectual property and tech talent, with which Enterprise plans to expand its line of services to better meet travelers' ever-evolving demands. On the flip side, Enterprise's capital and massive global footprint enable Deem to put the pedal to the metal when it comes to development, accelerating the pace for developing and deploying new products and services at scale. And Deem's recent decision to sunset its in-house expense platform enables the company to focus its full efforts on transport-related initiatives, such as deeper integration with the ride hailing industry.

"The acquisition offers an exciting opportunity that reaches beyond traditional travel … and ultimately enhances our ability to create innovative solutions to support the future of transportation," Brackney said.

—Adam Perrotta

The Alliance Swinger

LATAM AIRLINES GROUP CEO

ENRIQUE CUETO PLAZA

After a quarter-century at the carrier's helm, Latam Airlines Group CEO Enrique Cueto Plaza this year announced that it would be his last, as he will step down on March 31, 2020. He already had played a major role in creating Latin America's largest airline group, having led Latam since the LAN-TAM merger of 2012 and previously serving as LAN CEO since 1994. Within a few weeks of announcing his departure, he had one more industry-shaking deal to announce.

Latam and longtime Oneworld partner American Airlines had been trying to establish a joint venture but hit a snag this year when Chile's Supreme Court issued a ruling that blocked it in that country. While the alliance could have continued without Chile, which American itself said "would have provided limited upside," Latam instead found a new partner in Delta Air Lines. To sweeten the deal, Delta plans to invest $1.9 billion to acquire a 20 percent stake in Latam. Delta also plans to acquire 14 Airbus A350 aircraft that Latam either owns or has committed to buy. Delta, in turn, is getting a seat on Latam's board of directors.

The deal will require regulatory approval, but the carriers are optimistic given that Delta and Latam's networks have little overlap.

For Delta, having Latam as a partner solves what SVP of global sales Bob Somers called its biggest global coverage gap, South America. Somers called the move Delta's biggest investment since its 2008 merger with Northwest and its biggest network move since its acquisition of Pan Am's transatlantic routes in 1991.

As a result of the agreement, Latam next year will exit the Oneworld alliance, leaving Oneworld as the only global alliance lacking a Latin American carrier. American Airlines, which has had the largest network in South America among U.S. carriers, in particular is losing a major codeshare partner, though it already has announced the bulking up a few of its routes to the region and is looking for new partners. Brazilian carrier Gol, in which Delta had a stake that it now will divest as a part of its new partnership with Latam, is a likely candidate to pair up with American.

Latam, meanwhile, appears to be forging its own strategy on building alliances. Even as it teams up with Delta, it has made no indication that intends to join the SkyTeam alliance. In fact, executives have indicated they intend to keep relationships with some of their soon-to-be former Oneworld allies, including British Airways and Qatar Airways. An airline that has not been on the friendliest terms with Delta in recent years, Qatar also has a 10 percent stake in Latam, and CEO Akbar al-Baker said he was considering increasing that following the Delta announcement. *—Michael B. Baker*

Merger Meddler

U.S. DEPARTMENT OF JUSTICE ASSISTANT ATTORNEY GENERAL, ANTITRUST DIVISION

MAKAN DELRAHIM

If things had gone according to plan, Sabre would have closed its acquisition of Farelogix in the opening weeks of 2019, if not before. Those plans were wrecked by the U.S. Department of Justice.

Sabre surprised the industry with its November 2018 announcement to buy Farelogix. Yes, that Farelogix, once a thorn in Sabre's side with a business model premised in part on bypassing global distribution systems and led by an executive who seemed to relish, for a period, GDS provocation.

In hindsight, it shouldn't be too surprising that a merger like this would raise red flags. In 2011, it was revealed DOJ was probing Sabre's business practices, which reportedly included its treatment of Farelogix. Further, the past decade brought a couple of lawsuits by airlines against Sabre alleging antitrust misconduct. The European Commission last year opened its own probe into Sabre as well as its largest rival, Amadeus, for their respective behavior and contracts with customers there.

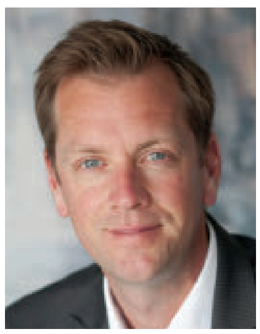
DOJ's complaint to block the merger, filed in August in the U.S. District Court for the District of Delaware, casts Sabre as an outdated tech operator that is wielding market power and defensively removing a growing competitor by buying it.

"Sabre's proposed acquisition of Farelogix is a dominant firm's attempt to take out a disruptive competitor that has been an important source of competition and innovation," said Delrahim in a statement announcing the suit. "If allowed to proceed, the acquisition would likely result in higher prices, reduced quality and less innovation for airlines and, ultimately, traveling American consumers."

DOJ and Sabre are slated to duke it out in court in January 2020.

Among potential outcomes, DOJ and Sabre could reach an out-of-court settlement, Sabre could prevail in court to complete its acquisition, or DOJ could prevail in court and block the transaction.

Regardless of outcome, DOJ already has set the closing of the deal a year off course. Farelogix was vital to Sabre's plan to excel at merchandizing and distribution capabilities in the context of the New Distribution Capability. Thanks to Delrahim, those plans are on hold, at best. *—Jay Boehmer*



Innovation Investor

FCM TRAVEL GLOBAL MANAGING DIRECTOR

MARCUS EKLUND

It's fitting that as BTN went to press, FCM Travel announced it had achieved Level 4 New Distribution Capability certification from the International Air Transport Association. It is the first global travel management company to reach that status, which certifies FCM's ability to sell and service NDC bookings at scale. It's positioning in the Australian market doesn't hurt, combined with Qantas' major NDC efforts there (see "Wizard of Oz," page 16), yet it's another feather in FCM's innovation cap this year, under global managing director Marcus Eklund's leadership.

Rewind to Feb. 1, and the TMC rooted its position in Silicon Valley, finalizing the acquisition of Casto Travel and gaining a roster of tech-savvy clients. It since has integrated Casto's estimated $120 million in annual business into the overall brand and operations, but the company's hunger for next-generation travel technology wasn't sated.

In March, FCM upped its investment in mobile tech startup 30SecondsToFly. It also bought out the Barcelona-based mobile provider behind its Sam mobile assistant. That led to a mobile marriage, which enabled booking capabilities for Sam. Beyond that, however, Eklund said FCM is taking hold of its mobile destiny and, in extension, its relationship to the customer.

"We want to better understand the traveler," he said. "We have an enormous amount of information about the business traveler; but in the business travel community, a very poor use of that information. We want to change that."

The company waded into unmanaged travel territory this year, investing in Jay Walker's Upside platform. Eklund said the investment allows FCM to focus on the small- and midsize market, particularly American companies. "You'll be very impressed with what we can deliver in 2020 around that," Eklund told BTN. He teased innovations with payment and Next Generation Storefront, but declined to elaborate. *—Elizabeth West*

FCM TRAVEL SOLUTIONS®

Congratulations
Marcus Eklund

Global Managing Director, FCM Travel Solutions

A warm congratulations to Marcus Eklund for being recognized as one of Business Travel News' Top 25 Most Influential Executives of 2019.

Under Marcus' leadership, FCM Travel Solutions is redefining the business of travel. Through a combination of people expertise, innovative technology solutions and unrivaled negotiating strength, FCM is partnering with large national and global corporations to drive value beyond the transaction.

FCM extends their congratulations to all those named in this year's 2019 list.

The Nosediver

JET AIRWAYS FOUNDER & FORMER CHAIRMAN

NARESH GOYAL

2019 marked the end for several airlines—Thomas Cook and Wow Air, to name a few—but none had the corporate travel share of Mumbai-based Jet Airways.

Founded by Naresh Goyal in the early 1990s, Jet Airways had grown into India's second-largest carrier, accounting for almost one-fifth of all passengers carried by Indian airlines in 2018 and flying 600 domestic and 380 international routes. It also had been building up debts of more than $1.2 billion, compounded by strong competition on domestic routes from such low-cost carriers as IndiGo, rising fuel costs and a weakening rupee. By April, having been unable to secure emergency funding to keep operations going, Jet Airways suspended all flights.

Goyal, now under investigation for fraud, bore much of the criticism for Jet Airways' failure. The Economic Times, for example, reported that he last year rebuffed offers that could have saved the airline because he did not wish to lose control of it.

The collapse has changed the product quality available to business travelers in India, according to Lewis Burroughs, aviation consultancy ICF's head of aviation in India. In the short term, the failure has affected capacity, which can push up fares, he said. Ultimately, that will be offset as India's other carriers—IndiGo, SpiceJet and Vistara—expand internationally.

That new capacity will look very different to business travelers, however. The loss of Jet Airways leaves Vistara and Air India, which is having its own financial issues, as the only full-service carriers in the country.

"That means the number of business-class seats domestically and into short-haul markets, such as the Middle East and Southeast Asia, is unlikely to reach levels of pre-Jet collapse, so business passengers will have to settle for less luxury," Burroughs said.

Still, Burroughs is optimistic that India's aviation will recover, noting that after the similar 2012 collapse of Kingfisher the industry within a few years "had largely evolved to better serve the market."

"I think that Jet's legacy will be felt for a few more years," Burroughs said. "But in a market such as India, nothing stays the same for long."

—Michael B. Baker

Distribution Democratizer

SOUTHWEST AIRLINES VP OF SOUTHWEST BUSINESS

DAVID HARVEY

Southwest Airlines always has been something of a maverick among U.S. carriers when it comes to distribution strategy, which made its announcement of a fairly standard industry practice this year seem downright radical.

In August, Southwest revealed it had reached agreements with both Travelport and Amadeus to provide content to their global distribution systems with "the highest level of participation" by the middle of next year. That will for the first time enable buyers and agents to book, change, cancel and modify reservations through the GDSs, and Southwest also is working with Airlines Reporting Corp. to implement processes for reporting and settling those bookings.

It's not a full U-turn in strategy, as Southwest has no intention of targeting leisure travelers through online agencies via the GDS. It was a move designed for the corporate market, and David Harvey, VP of the airline's newly established Southwest Business unit, said it will be a game changer for the carrier's ability to work with corporate accounts.

The GDS announcement was just one of several Southwest made this year in its aim to simplify distribution to corporate travelers. It also joined ATPCO's NDC Exchange platform, through which it will connect to TripActions, AmTrav and several other agencies that Harvey said are in its pipeline. In addition, the carrier has been investing in its API for direct connections and this year eliminated the access fee to it.

At the same time, Southwest's corporate sales force has been growing under Harvey, with about 70 people added this year, he said. Fifteen months ago, the entire team totaled fewer than 75. In addition, Southwest for the first time this year set up a team dedicated specifically to servicing travel management companies, he said.

With all of that in place, Harvey said the stage is set for significant corporate sales growth next year.

"2019 was about getting the bones in place," Harvey said. "2020 is when we're really unleashed, and the action happens. Get out your popcorn."

—Michael B. Baker

Glass-Ceiling Smasher

THE BUSINESS TRAVEL ASSOCIATION CHAIR & GRAY DAWES TRAVEL CEO

SUZANNE HORNER

Suzanne Horner is transparent about why she stood to lead the United Kingdom's Guild of Travel Management Companies, which elected her in summer 2019, as it renamed itself The Business Travel Association. "It was known as an old boys' club. I wanted to be the first female chair," she said. "The organization was created 52 years ago. We said many times that we wanted to change, but we did not necessarily demonstrate it. If I'm honest, I didn't want another bloke running the board."

Having improved The BTA's gender balance, Horner is eyeing further change, including increased supplier representation and improved engagement with Millennials and buyers.

Horner's place on this list also represents the wave of U.K. TMC consolidation. Her company, Gray Dawes Travel, has made nine acquisitions in three-and-a-half years. During that time, few members of The BTA have neither bought another nor been bought themselves. For example, Horner took over as chair from Paul Allan after he sold his company, Ian Allan Travel, to Clarity in May. Meanwhile, Amber Road Travel, the TMC that Clive Wratten quit as chief executive in July to join The BTA in the same capacity, was acquired by Gray Dawes in September.

Before starting her buying spree, Horner felt Gray Dawes, then a £28 million company, needed £100 million in transaction volume to compete effectively. But now, she said, "the goalposts have moved. At £200 million we're now 12th largest in the U.K. Five years ago, we would easily have been in the top 10." Horner has focused on buying out owners reluctant to update their technology in the face of New Distribution Capability standards. She expects even more to sell soon, citing the pending end of the private-channel arrangements in which British Airways exempted TMCs from GDS booking surcharges if they committed to NDC development.

—Amon Cohen

CONTINUED ON PAGE 16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Southwest® Business
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Southwest congratulates Dave Harvey for being named to Business Travel News' 2019 list of the 25 Most Influential People in Business Travel. Dave and the Southwest Business Team are committed to delivering hospitality and making it more convenient to manage travel the way you want.
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More dedicated Leaders. More Heart. That's Southwest Business.
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CONTINUED FROM PAGE 12

Wizard Of Oz

QANTAS EXECUTIVE MANAGER OF SALES & DISTRIBUTION

IGOR KWIATKOWSKI

You can't please all the people all the time. That's been true of airline commercial strategies related to the New Distribution Capability.

Then there's Qantas, able to please most of the people most of the time with its own distribution reinvention this year.

Qantas' strategy, unveiled in February, plays on first listen like a greatest hits album of modern classics of airline distribution. There's a European melody of surcharging global distribution system bookings, a la Air France-KLM, British Airways and Lufthansa. There's the American Airlines-like rhythm of incentives for agents who cut a new deal and migrate to NDC connections. There's a Lufthansa-esque riff on GDS content removal threats for agencies that don't reach a new deal. And there's that familiar private-channel tune, another European sound, that delivers sustained GDS access and content assurances for agencies who rely on the channel.

Influences are easy to spot, but Qantas' sound is unique. Its distribution approach has struck more harmonious chords than others have, especially the European airlines. Qantas has won buy-in and struck new deals with most of the agencies it works with, large and small. The two largest Australia-based travel agencies, Flight Centre Travel Group and Corporate Travel Management, quickly backed the carrier's approach, while multinational corporate travel players ATPI, American Express Global Business Travel, BCD Travel, CWT and Expedia's Egencia all reached new deals. Some TMCs, including Amex GBT, praised Qantas' GDS inclusiveness. When it announced its new strategy, it already had reached commercial frameworks with each of the major GDSs.

"We're not looking to disintermediate players in the ecosystem," Kwiatkowski told The Beat this summer, speaking of NDC adoption. "That's not in our interest at all. We see a path to adoption and scale with the GDSs and with our travel agency partners. But we do see the need and the opportunity around how we get this content smorgasbord to be bigger than it is today and get that to market."

With its commercial structures in place, Qantas is looking to scale API connections to distributors. "It will take time, and we're working through that and making sure we're bringing people along for the journey, rather than creating angst and disruption," he said.

—Jay Boehmer

Hong Kong's Chief Ignitor

CHIEF EXECUTIVE OF HONG KONG

CARRIE LAM

When Carrie Lam's government introduced an extradition bill in February, she ignited an explosion of protests that damaged Hong Kong's long track record as a perceived safe city to do business. The bill would have allowed the Chinese government to extradite Hong Kong citizens for trial in mainland China. Protesters saw the bill as the latest step by the Chinese government to strip Hong Kong of its historic semi-autonomy and local freedoms and demanded the bill be removed.

Lam shelved the bill in June but didn't formally remove it, even as travel within, to and from the city was disrupted. In mid-August, nearly a thousand flights were canceled because of the protests. Hong Kong's Mass Transit Railway repeatedly cut back service and closed stations. In its August passenger demand report, the International Air Transport Association said the flight disruptions caused "a loss of reputation and business confidence." The territory's government has increased security measures around Hong Kong International Airport, such as identity checks for passengers entering terminal buildings, according to Sebastian Liu, a global threat analyst for Healix International and HX Global.

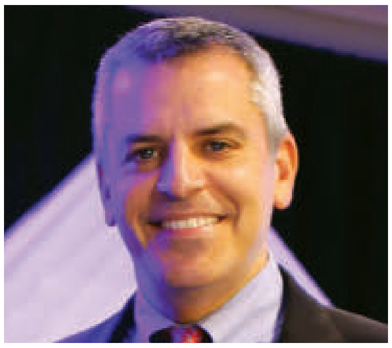
Hong Kong has seen a nosedive in travel. In July, visitor arrivals contracted by 4.8 percent year over year, then 39.1 percent in August, then 34.2 percent in September then 43.7 percent in October (the latest month numbers were available), according to the Hong Kong Tourism Board. In the past few weeks, more than a dozen airlines have announced reductions in service frequency to Hong Kong, and Hong Kong Airlines is on the verge of bankruptcy.

To deescalate the situation, Lam officially withdrew the bill from legislative consideration in September, but by that time the protesting had taken on a life on its own, and protesters' demands expanded to include investigation into police abuses, Lam's resignation, and other demands according to International SOS regional security director Matthew Bradley. The entire MTR network was shut down on Oct. 4 following significant damage inflicted to station facilities across the territory amid protests, according to Liu. In the territory's local elections in November, voters overwhelmingly rejected establishment and pro-China candidates in favor of pro-democracy candidates, but the protests still have not subsided.

While the protests have disrupted their ability to get around, business travelers have not been targeted, according to Bradley. Still, some companies have curbed travel temporarily, he said. Business travelers who do go have had to "reprogram their activities [there] to get their business done," like choosing hotels near their offices to minimize time on the streets or avoiding protest hot spots, Bradley said.

"As we look to 2020, the question becomes how much longer will these disruptions continue," Bradley said, "and will they get worse?"

—Dawit Habtemariam



Next Generation Storefront Recruiter

DELTA AIR LINES MANAGING DIRECTOR OF GLOBAL DISTRIBUTION STRATEGY

JEFF LOBL

When Jeff Lobl took his current position in 2017, he realized that even as Delta's products and website evolved, indirect distribution channels obscured them by showing travelers only one column of fares based on outdated categories. This disconnect could confuse agencies, buyers and travelers regarding differences among branded fares, further aggravated as the New Distribution Capability enabled airlines to diversify their fares even more. He reached out to his counterparts, American Airlines' Neil Geurin and United Airlines' Tye Radcliffe, and found they felt the same way.

At ATPCO's 2018 Elevate Conference, the three announced the launch of the Next Generation Storefront initiative, an effort led by ATPCO and consisting of airlines and distribution channels to develop a data standard that would change how airline products were sorted and grouped on retailing displays (see story, page 1). Lobl then predicted "a growing realization across the distribution chain, from airlines to intermediaries to agencies to customers, that there is a lot more value in Next Generation Storefront than in NDC."

Given the industry's sluggish progress and focus on NDC, Lobl's prediction seemed far-fetched, but by the end of 2019, TripActions, TravelBank, Upside, Psngr1, WhereTo and AmTrav each had adapted the standard to their booking displays.

Lobl said distribution channels understood the need for change. "It's not a difficult sell for distributors because they want to help their customers just as much as the carriers," he said. "It was just a problem in need of a solution, and NGS became that solution."

However, many attribute the adoption's speed and coverage to Delta leveraging its content with emerging players. In April, The Beat broke the news that Delta was pressuring startups to adopt the standard, with one summarizing: "Delta [is] forcing startups to adopt a half-baked NGS standard or they'll shut off our content."

"I don't think anyone who has adopted it regrets having adopted it," Lobl said. The standard in October became final for the domestic U.S. market and now is being adapted to international markets.

NGS excites some travel buyers, but others blame Delta for imposing a standard that exposes their travelers to more expensive fares. At the same time, the carrier has limited savings tools available to travel managers when it made TripActions, TravelBank and Upside give up their air savings rewards programs as part of their NGS implementations. The onus is now on travel managers to change or strengthen their travel and expense policies to maintain control of air spend.

—Dawit Habtemariam

The Course Corrector

HERTZ CEO

KATHRYN MARINELLO

When she took over as CEO of Hertz at the beginning of 2017, Kathryn Marinello had a reputation as a master of turnarounds. Investor Carl Icahn, Hertz's largest shareholder, endorsed her selection, citing her turnaround experience at outsourcing firm Stream Global Services and HR software supplier Ceridian.

It was what Hertz badly needed at the time. The iconic brand, which celebrated its centennial last year, had been losing marketshare and money. Nearly three years later, though Marinello noted work is ongoing, there are clear signs she is having similar success as Hertz. The company has had nine consecutive quarters of year-over-year topline growth and eight quarters of profitable growth since her arrival, she said.

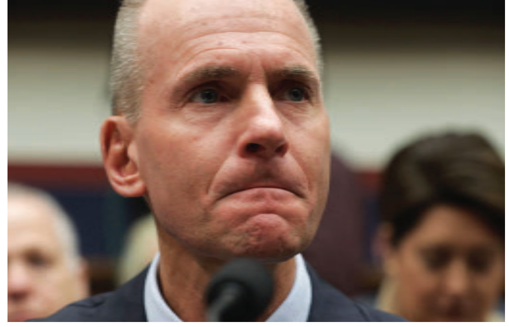
That turnaround has required a significant investment, including improvements to Hertz's fleet mix and renovations of Hertz's app and website, among other expenditures.

"We're investing not just in the direct-to-consumer tools but in the fleet management tools, the connected cars and our ability to quickly manage maintenance," Marinello said. "All of these things drive greater productivity, and when your costs are lowered, and the process is better, you are delivering a more customer-satisfying experience as well as freeing up funds to continue to invest in the technology."

Besides improving financials, Marinello's strategy further was validated this year as Hertz earned the top spot in the J.D. Power 2019 North America Rental Car Satisfaction Study, edging out Enterprise, which had the top score in the survey for five years prior.

"We listen to our employees and our customers as far as what they thought was important from a product perspective and a technology perspective, and we've made the investments in those things over the last few years; those investments have paid off," Marinello said. "When you get confirmation from external sources, it's the ultimate satisfaction for our leadership team and the employees here."

—Michael B. Baker



The Supplicant

BOEING CEO

DENNIS MUILENBURG

Asking for a second chance is a complicated endeavor, fraught with regrets and promises. For Boeing, such a request of travelers and travel buyers and their acceptance thereof, though hardly guaranteed, will determine the course of the company and dozens of airlines the world over after a calamitous 2019.

Boeing's 737 Max aircraft remains grounded by governmental aviation authorities, nine months after the second fatal crash in which a flight-control system flaw played a part and still months away from the earliest date the planes can return to the sky. In the meantime, American Airlines, Southwest Airlines and United Airlines, among dozens worldwide, have canceled thousands of flights once scheduled to operate on the aircraft.

It ultimately will be up to Boeing CEO Dennis Muilenburg to ensure the company can reintroduce an airworthy redesigned Max. That remains a work in process, with projected return dates repeatedly pushed back as testing continues. Analysts and media have shined a harsh light on Boeing's production process, corporate structure, culture and oversight, and several executives involved have retired or otherwise departed. Muilenburg himself was removed by Boeing's board as chairman, though he remains as CEO.

Muilenburg's other task might be even more difficult: persuading the flying public that the Max, whenever it is ready and approved for flight by the U.S. Federal Aviation Administration and other aviation authorities around the world, is safe. To that end, Boeing has launched an advertising campaign with employees discussing the company's safety measures, and Muilenburg himself has addressed industry groups to drum up support.

"The respect and confidence of the flying public is important to us," Muilenburg in August told Global Business Travel Association executive director Scott Solombrino during an onstage interview at the group's annual convention. "We know that trust has been damaged over the last few months, and we are working hard to re-earn that trust going forward."

They'll have to. A June GBTA poll showed about 60 percent of 155 member travel buyer respondents said their employees had expressed concern about flying on the Max for business travel, and about two-thirds expected their travelers would be at least somewhat likely to change travel plans to avoid the aircraft type.

It'll be up to Muilenburg to gain that second chance for Boeing from regulators, client airlines, travel buyers and travelers alike. Probably, he'll get only one chance to do so.

—Chris Davis

The Puzzlemaster

UNITED AIRLINES EVP & CHIEF COMMERCIAL OFFICER

ANDREW NOCELLA

United Airlines earnings calls were not the most pleasant places to be two years ago. When the carrier pitched its aggressive growth plan out of its hubs, analysts offered harsh criticism that it was a recipe for fare wars and profit declines. Instead, that recipe turned out to be a little crow for the analysts.

The growth was the masterplan of United president Scott Kirby—who came to United from American Airlines in 2016 and now is set to succeed CEO Oscar Munoz in May—and to help pull it off, United poached one of Kirby's former American colleagues, Andrew Nocella, who oversees network and commercial strategy as chief commercial officer. Kirby rightly had pointed out that United had ceded marketshare for years by cutting service to smaller domestic markets, but building that back required careful execution.

"United had the best hubs in the country, but they were underperforming across a bunch of different dimensions," Nocella said. "I described it as a gigantic puzzle, and with our network changing shape and size, how do we put that puzzle [together] and how do you nurture and develop it, which determines where we are going to be five to 10 years from now?"

The goal, Nocella said, has been to have 80 to 90 aircraft on the ground eight to nine times per day in United's mid-continent hubs. Denver, for example, has "grown dramatically" under that plan, as United had the gates and real estate to expand. Others, such as Chicago, have been more of a challenge due to strained gate availability, but United still has grown its annual flight count at O'Hare by about 10 percent during the past two years, compared with American's growth of about 3 percent, according to Crain's Chicago Business.

Rather than dilute earnings, United has seen profits grow, and that growth strategy is set to continue in the coming year, Nocella said. As those profits have improved, so has its share of corporate travel, he said.

"It's an exercise of enhancing the quality of the airline across dimensions, so more people choose us, and more businesspeople choose us, while creating schedules that improve efficiency and lower costs, so we can reinvest those profits," Nocella said.

—Michael B. Baker

Deception Defier

WASHINGTON, DC, ATTORNEY GENERAL

KARL RACINE

Resort fees have been a point of contention for years, with many consumers and travel managers alike saying they have gotten out of hand. Also known as amenity fees and destination fees, these charges add up to significant dollars that do not get included in a travel buyer's leveraging power because they're not included in the room rate.

Karl Racine, the attorney general for the District of Columbia, decided to do something about it. After he and the attorneys general in all 50 states investigated the issue, he filed a lawsuit in early July against Marriott International, accusing the company of misleading guests by advertising room rates that do not disclose the mandatory fees. Two weeks later, Nebraska's attorney general filed a similar lawsuit against Hilton Hotels Corp.

The D.C. suit cites Marriott for being in violation of the District's Consumer Protection Procedures Act, and noted that "for at least the last decade, Marriott has used an unlawful trade practice called 'drip pricing' in advertising its hotel rooms whereby Marriott initially hides a portion of a hotel room's daily rate from consumers." The suit notes that Marriott's fees range from $9 to as much as $95 per day. Racine's goal is to require Marriott to disclose the fees up front.

It remains to be seen what the outcome of these lawsuits will mean for hotel pricing, but at least one channel is addressing the issue. In May, Booking.com moved to charge commissions on the base rate plus the fees as opposed to the room rate alone, thereby removing one rationale for hotels to list the fees separately.

—Donna M. Airoldi

NDC's First Emperor

TRAVELFUSION CEO

MOSHE RAFIAH

"2019 has been the year of New Distribution Capability," said Moshe Rafiah. It certainly has been for his business, the aggregator Travelfusion, which handled 350,000 NDC bookings, or 850,000 segments, with 35 airlines in October.

Rafiah believes Travelfusion currently "commands about 50 percent of NDC bookable traffic," although the figure is unverifiable. Still, even though BCD Travel, CWT, Egencia and pretty much all the major booking tools are among those sucking in NDC fares piped through Travelfusion, 70 percent of Rafiah's NDC business is generated by leisure-focused online travel agencies. "Leisure is much simpler because the OTAs have already designed systems to handle multi-source solutions," he said. "Everything effectively goes into a consolidated itinerary database."

Business travel is more complicated—not, according to Rafiah, because servicing bookings or meeting such corporate requirements as the generation of management information is harder. Instead, he insisted, the difficulty lies in the continuing reliance of travel management companies on global distribution systems not only for making bookings but also for managing them through passenger name record passive segments.

Many TMCs have been waiting for GDSs to introduce their own NDC pipes, but although that finally happened in 2019, they are not yet at scale—and the lack of commercial agreements between the GDSs and such key carriers as British Airways suggest a GDS route to access fares that are increasingly available only via NDC no longer can be relied upon.

Instead, said Rafiah, confirming remarks made by BA head of distribution Ian Luck to The Beat in November, TMCs are rethinking their tech strategies. Rafiah commended businesses such as TravelPerk, TripActions, Egencia and Reed & Mackay for creating their own desktops that can in principle source from any channel and "host the bookings themselves, so they can also integrate from suppliers like Airbnb."

Meanwhile, Travelfusion is working on a complete GDS bypass that resolves servicing issues by moving the entire order-management process for bookings to an XML-based format based on the International Air Transport Association's One Order standard. As a result, said Rafiah, "it's the first time in 40 years you can consume full-service carriers via a new channel." 2020 should prove whether the Travelfusion CEO's bold claim is justified.

—Amon Cohen

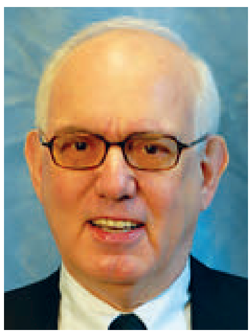
The Eraser

U.S. SECOND CIRCUIT COURT OF APPEALS JUDGE

ROBERT D. SACK

Sometimes it takes a village. When it came to overturning the 2016 jury verdict that found Sabre's global distribution system contract with US Airways violated antitrust law, it took a panel of three judges from the U.S. Second Circuit Court of Appeals: Debra Ann Livingston, Denny Chin and, most senior among them, Robert D. Sack.

While the judges in September voided a judgment from a lower court against Sabre, not all was won for the GDS operator. Not only did the appeals court kick



litigants back for a retrial on the count Sabre had lost, it also revived two of the airline's antitrust claims that, the judges found, the district court prematurely tossed before trial.

American Airlines acquired US Airways after the lawsuit began and adopted the case. For now, American and Sabre are back to square one of this decade-long legal saga.

An out-of-court settlement is a possibility, and a proposed retrial won't take place before April 2021—10 years to the month after US Airways first filed claims.

Based on the appeals court ruling, three out of four of US Airways' original claims are back in play. First is the contract claim on which US Airways prevailed before the appeals court vacated the judgment, alleging Sabre's full-content GDS provisions with the carrier ran afoul of antitrust laws. The two claims that never made it to trial relate to the notion that Sabre operated a "relevant submarket" and unlawfully wielded monopolistic power in a market comprising only Sabre's GDS subscribers.

—Jay Boehmer

Majority Shareholder

ELLIOTT MANAGEMENT CORP. FOUNDER & CO-CEO

PAUL SINGER

When Travelport in March 2018 disclosed an activist investor had taken a position in the global distribution system operator and planned to urge management to conduct a strategic review of its operations and holding, the news perhaps wasn't particularly shocking. After all, Travelport's share price had languished below the level of its 2014 initial public offering, it had lost agency subscribers and market share to GDS competitors, and its eNett payments joint venture was growing rapidly and seemed like a potential spinoff.

The activist investor in question, though, was billionaire Paul Singer, founder and head of hedge fund Elliott Management Corp. and its associated investment management entities. Singer's entities for decades have taken activist positions in companies, pressuring management to change course. In recent years, Singer's hedge fund has been "rewriting the activist investor playbook" by acting as "both as an engaged shareholder and a potential buyer of the whole company," as Reuters put it in 2017.

So it was with Travelport, which Evergreen Coast Capital—an affiliate of Singer's Elliott Management—formally acquired in May 2019 with partner Siris Capital Group, taking the company private. The $15.75 per-share acquisition price, valuing the deal at $4.4 billion including an assumption of debt, underwhelmed some analysts and investors, but a majority of shareholders agreed to the deal.

With a new board, new ownership and the involvement of Singer's entities, change appears inevitable, and in July the first of what could be several shoes dropped: Gordon Wilson, president and CEO of Travelport since 2011 and a 28-year company veteran, was replaced by Greg Webb, former EVP of Travelport competitor Sabre.

What's next is unclear. What is clear is that the past few years have been difficult for Travelport's performance, as its global share of GDS bookings has declined against Sabre and Amadeus, and mega travel management company CWT in 2018 sidelined Travelport in favor of those two primary GDS competitors. That followed a similar decision by Flight Centre to shift its GDS business in Australia and New Zealand to Sabre.

But it's a new regime tasked with reversing that trend, and the industry will closely watch Singer, Webb and company's attempt to do so.

—Chris Davis

Tech Vetter

BCD TRAVEL CEO

JOHN SNYDER

Startups are sparking renewed creative energy in the managed travel space. TMCs are seeing the writing on the wall: They better adapt to these creative solutions or move out of the way. BCD Travel led the field on adaptation, launching SolutionSource in February 2018 as a pre-vetted technology marketplace ostensibly to make startup tech more accessible to BCD clients. It joined BCD TripSource and DecisionSource in the agency's product lineup.

"We invest a lot of money to develop core platforms and we'll continue to invest [in] our own tech," said BCD CEO John Snyder. "But there are so many great technology companies out there in the industry today, and we want to be a part of that. [We want to] help these guys get visibility or even investment to move their products forward. There are also some [established] players with new technologies that can benefit. So they come into BCD and they are vetted. We figure out how we can drive integration with them, and for our customers it's a one-stop shop."

Clients like Tesla have relied on the SolutionSource marketplace to simplify travel technology strategy. "I don't want to justify [internally] bringing in another supplier," senior manager travel, meetings and mobility Steve Sitto told BTN earlier this year. The model has made Tesla'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."

SolutionSource includes 20 providers now, "and we'll have many more than that over the next year or so," said Snyder. In addition, the company opened developer APIs in October to enable technology companies and clients to build customized solutions into the marketplace, a move highly praised by judges at BTN's Innovate conference.

BCD was the first, but not the last, to introduce the technology marketplace concept for managed travel. American Express GBT Meetings & Events launched an analogous Meetings Marketplace concept in February. Direct Travel followed with TechnologyStack in September.

Snyder's industry reach extended beyond technology enablement this year. BCD also acquired Adelman Travel, a tech-forward Milwaukee-based midmarket agency with $675 million in annual sales. The move cemented BCD's strategic shift to bring midmarket clients into its core business, rather than relying on its affiliate network to serve them. While affiliates remain in play for the mega, Snyder said BCD wants to be first in line as a buyer for affiliates "looking to move on." He told BTN in August "two or three more [acquisitions] will pop" before the end of this year. Time's a-ticking.

—Elizabeth West

Trade Warrior

PRESIDENT OF THE UNITED STATES

DONALD J. TRUMP

Just as Beijing and Washington, D.C., were said to be "close" to a deal on their ongoing trade war, the brinksmanship escalated again at press time, with lead White House economic advisor Larry Kudlow stating to CNBC that president Donald Trump was prepared to "walk away" if he can't get to the terms he wants with Chinese president Xi Jinping.

That specter could send a chill through the corporate travel community, with corporations, hotels and airlines already on tenterhooks about the next step in a tariff battle that started in July 2018 when the U.S. imposed 10 percent tariffs on $34 billion in Chinese-made industrial components imported to the U.S. China immediately retaliated with tariffs on $34 billion in agricultural products like soybeans and pork as well as electric cars. The tit-for-tat has continued apace, with tariffs so far ranging from 10 percent to 25 percent on $550 billion in Chinese goods to the U.S. and $186 billion on U.S. goods to China. In its latest move, China directed all government entities to ditch foreign-made hardware and software within three years—an order that triggered Trump's "walk away" threat and that could deliver a significant blow to major U.S. providers like Dell, HP and Microsoft.

The trade war didn't register immediately on the corporate travel industry. As recently as January, American Express Global Business Travel Asia/Pacific director Philip Haxne commented that U.S.-China traffic remained "pretty stable and the demand is there." Airline and hotel companies were in lockstep; they reported no major disruptions in their first-quarter earnings calls, though they were clearly watching revenue patterns in the region. By the third quarter, however, the pain was widespread.

Accor Hotels put out an early indicator in its second quarter earnings, pointing to a slowdown in China's GDP growth and instability surrounding the trade war to explain its weak RevPAR growth in Asia/Pacific during the period. Concerned deepened into the third quarter. International Air Transport Association CEO Alexandre de Juniac signaled alarm, citing dampened air demand growth of 3.8 percent in August, compared to "a roughly 8.5 percent annual growth seen over the 2016 to Q1 2018 period," and pegged the trade war as significant factor.

Likewise, Delta reported a 4.6 percent regional revenue decline on Pacific routes in the third quarter, identifying travel declines in the manufacturing and automotive sector, "and that relates to tariffs," according to Delta president Glenn Hauenstein. CWT M&E VP Tony Wagner said the meetings industry took a hit as well, as caution took over the planning process.

"Political events have a direct impact more than ever on companies' quarterly and annual outlooks," he said, before directly implicating the U.S.-China trade war. "Some industry segments are pulling back and are being a bit more cautious." Wagner said large events that previously booked at least six months in advance are now booking at an average of three months out, due to geopolitical and economy uncertainty. All eyes are on trade talks as the travel and meetings industries move into 2020.
—*Elizabeth West*

Green Genie

HIGH SCHOOL STUDENT

GRETA THUNBERG

She may be by far the youngest nominee on this list, but Greta Thunberg's influence in 2019 arguably proved the profoundest. Starting in August 2018, her weekly one-child protest outside Sweden's parliament, demanding an urgent response to the climate emergency, mushroomed this year into regular demonstrations by millions of activists in hundreds of cities worldwide.

Environmental campaigner pressure has prompted serious soul-searching in the business travel industry. Corporate customers and suppliers alike now acknowledge there are questions to answer. Emissions created by aircraft are more harmful than from other polluters because of the altitude at which they are released. Unlike other polluters, there are also few ways to reduce emissions fast enough to beat global warming deadlines, especially as passenger numbers are forecast to double by 2037. By 2050, aviation will be the world's No. 1 or No. 2 source of CO2 emissions.

There have been previous waves of interest in making business travel greener. Both, one in the 1990s and one in 2000s, dissipated fast when economic downturns hit. This time, the drive for sustainability feels more, well, sustainable. Consider some of the extraordinary developments witnessed in 2019: an airline (KLM) asking its own customers "Do you always have to meet face-to-face?" and "Could you take the train instead?"; flights from Swedish airports falling 4 percent in the first 10 months of 2019; a new global word: flygskam, or shame of flying; the German government pledging to increase the cost of flying and reduce the cost of rail, while other European governments also introduce air eco-taxes.

Under Thunberg's unflinching gaze, travel professionals now understand they face the critical scrutiny not only of protestors but also investors, regulators and their own workforce. (One Swedish travel manager reported an employee asking if she could travel to the UK by rail.) Some are even closer to home. "I hear about [sustainability] from investors, I hear about it from customers, but my own personal barometer is my two grandsons," said United Airlines Holdings board chair Jane Garvey recently. "When I went into their rooms not too long ago, there were two posters: One was Tom Brady, and the other was Greta. Climate change is just as much a theme for them … we're going to pay a lot of attention to that."
—*Amon Cohen*

Paul Singer Photo: World Economic Forum

Spanish Conqueror

INTERNATIONAL AIRLINES GROUP CEO

WILLIE WALSH

The 1 billion-euro price tag isn't the only thing that's big about International Airlines Group's pending acquisition of Spanish carrier Air Europa. The deal would give IAG a dominant position in Spain by adding Air Europa to Iberia, Vueling and Level, IAG's other carriers in the country. Should the transaction close as expected in the second half of 2020, it will bring under IAG's umbrella Europa's 11.8 million passengers and more than $2.3 billion in annual revenue.

Numbers aside, the magnitude of the deal is perhaps best illustrated by how quickly the outcry from competitors arrived. After the sale agreement was announced in November. Michael O'Leary, CEO of current Spanish market leader Ryanair, immediately began lobbying regulators to force divestments as a prerequisite for approving the deal, which he called a "merger to monopoly in Madrid."

IAG CEO Willie Walsh certainly isn't afraid of a fight. He was named to BTN's 25 Most Influential List in 2017 for his role in leading IAG to take on the traditional air distribution model by imposing a surcharge on bookings made through a GDS.

Beyond solidifying IAG's grip on the Spanish market, the deal's most transformative potential change would affect Madrid's Barajas Airport. IAG plans to consolidate Air Europa—which flies to nearly 70 locations in Europe, Latin America, the U.S. and North Africa—into Iberia's hub structure at Barajas, turning Madrid into a full-fledged European hub alongside Amsterdam, Frankfurt, London Heathrow and Paris. The company also has its sights on establishing Madrid as a newly competitive route between Europe and Latin America, as well as serving as a conduit between Asia and Latin America.

"Acquiring Air Europa would add a new competitive, cost-effective airline to IAG, consolidating Madrid as a leading European hub and resulting in IAG achieving South Atlantic leadership," said Walsh.

—Adam Perrotta

The Grounder

DIRECTOR OF THE CIVIL AVIATION ADMINISTRATION OF CHINA

FENG ZHENGLIN

When Ethiopian Airlines Flight 302 fatally crashed on March 9, it became the second in six months to involve the Boeing 737 Max 8 aircraft, following Lion Air Flight 610 crash into the Java Sea. Two days later, the U.S. Federal Aviation Administration affirmed the airworthiness of the 737 Max, while the Civil Aviation Administration of China ordered all of China's airlines to ground the aircraft, citing the similarity between the two crashes and its "zero tolerance to potential safety hazards and strict control of safety risks."

By March 13, aviation authorities in Indonesia, Mongolia, Singapore, India, Turkey, South Korea, the European Union, Canada, Australia and Malaysia followed CAAC's lead instead of the FAA's and grounded the aircraft. By the end of that day, the FAA too had grounded the aircraft. The fact that authorities around the world followed China's lead signaled CAAC's new status as a leader in global air safety.

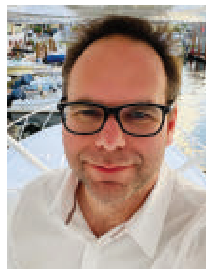
CAAC also intervened in Cathay Pacific's activities because of the Hong Kong protests. CAAC demanded Cathay Pacific suspend employees who "support or take part in illegal protests, violent actions or overtly radical behavior" from any airline activities related to Mainland China and to submit to the CAAC for approval identification of all crews flying to Mainland China or through its airspace, according to a memo sent to employees and obtained by BTN. Cathay Pacific reportedly suspended or fired pilots related to the protests. Amid pressure from CAAC (and the demonstrations), Cathay Pacific CEO Rupert Hogg, chief customer and commercial officer Paul Loo and the carrier's chairman, John Slosar, resigned their positions.

—Dawit Habtemariam

The Aggregator Whisperer

BOOKING.COM GLOBAL HEAD OF BUSINESS TRAVEL PARTNERSHIPS

JOSH WOOD



Booking.com has made a concerted effort to expand its presence in the business travel market, with Josh Wood presiding over its many new partnerships. During the past 18 months, the online travel agency has inked deals with global distribution systems, including Amadeus and Sabre, partnered with the corporate booking platform Roomex, and either added or expanded its relationships with all the major travel management companies and several small and midsize ones, too. It also made an $11.2 million investment in the business travel and expense technology company Serko, which integrated Booking.com content into its Zeno online booking tool, and Booking.com will promote Zeno to its business travelers.

One obvious reason behind Booking.com's expansion into business travel is to capture more customers. And whether travel managers like it or not, a certain percentage of their travelers are already booking on Booking.com, so they may as well have the content available to them through their OBTs. When Booking.com content is included alongside the existing travel program content, Wood said, and the negotiated rate is still at the top, the attachment rate rises. "We see there is a higher adoption rate in the travel program than before, because [the traveler] no longer has to come to Booking.com to see what [they] are missing out on," Wood said. "And many times our logo is there, so people know that our content is there."

Some travel managers have complained that including such OTA content in the OBT hurts the traveler, citing that users might not get loyalty points or certain amenities that have been included in corporate negotiated rates. Wood disputed that. "If a corporate traveler books a Booking.com rate, it means we either had a better price or more availability when they made the booking," he said. "What we see is even within chain properties, we are the last to be turned off. We have last-room availability, [even] when your existing travel program doesn't and when your negotiated rate is blacked out. And if you really think about it, are those loyalty points or 'free water' really free when the rate might be, say, $50 higher per night?"

He also challenged the issue that business travelers don't know what they are getting when they book a Booking.com room. "If there is a problem with clarity of what is included in [our] rate and what is not, you need to talk to your OBT, because it's their fault," he said. "Our API pushes out all of that information. It's abundantly clear what is included in every single rate. If your OBT doesn't support that, they need to upgrade or you need to move to one that can."

—Donna M. Airoldi

VAT Law Change Could Trigger Business Travel Cost Hikes in Germany

BY AMON COHEN

Corporates could lose their ability to reclaim value-added tax on hotel and other bookings in Germany after the country's parliament late last month approved important changes to its tax regime. The new rules will apply where a travel service provider, such as a hotel booking platform, travel management company or meetings agency, pays a supplier itself and then recharges the corporate client. Unless mitigating action is taken, the loss of the ability to reclaim VAT would effectively increase hotel room rates for corporate customers by 7 percent and breakfast and other items on a hotel bill by 19 percent.

Domestic air and rail travel also could be affected in certain cases, leading to effective price increases of 19 and 7 percent, respectively. There are also concerns about visa handling fees plus potentially more travel-related services that are not yet confirmed as within the tax changes' scope.

The new rules in Germany relate to a complex European Union regulation called the Tour Operators' Margin Scheme, which simplifies VAT arrangements for travel organizers but also prevents them from reclaiming VAT on purchases they make on behalf of customers.

As the name suggests, TOMS was intended to keep costs down in the package holiday market by allowing tour operators to charge VAT only on their mark-up to consumers, not on the services they sell. However, all travel service providers, including those purveying services to business customers, are in principle subject to TOMS.

Germany and Austria previously mitigated this challenge by exempting business-to-business transactions from TOMS, citing another EU principle that there should be VAT neutrality for business operators, which is why companies usually are allowed to reclaim VAT. But in 2018 the European Court of Justice ruled the two countries' exemptions were illegal. Austria will end its exemption in 2022. In Germany, president Frank-Walter Steinmeier is expected to sign the changes approved by the Bundestag into law before Jan. 1. However, there are hopes the German federal ministry of finance will issue a recommendation that businesses be allowed three to six months to adjust.

"Each intermediary is looking at different solutions to mitigate the risk," AirPlus International commercial director for Germany Birgit Hölzel told BTN. "I believe a solution can be found to every challenge, but the problem here is timing. Many resellers have not yet fully found their solution." Her colleague, head of partner management for Germany Michael Thomas, added: "Corporate customers are still not well informed about what is happening. We don't know yet whether there will immediately be financial penalties for noncompliance or whether there will be a grace period."

Any corporate customer potentially able to reclaim VAT (the main exception being financial services businesses) will need to check that its travel booking and invoicing arrangements are not threatened by the new rules. "The law applies to the reselling model, where agencies pay a hotel and then resell in their own name to the customer," said AirPlus' Thomas. "Where corporate customers pay directly, that is out of scope. [Meetings, incentive, convention and exhibition] agencies are hit particularly by this because they buy a variety of services and then invoice them to the customers on whose behalf they are buying."

The crucial test, said Max Waldmann, COO of Invisible Pay, HRS Group's recently launched in-house payment solution, is whether the invoice issued by the hotel bears the name and address of the travel service provider making the booking or of the corporate customer that is the ultimate beneficiary of the service.

"We don't know yet whether there will immediately be financial penalties for noncompliance."

—AIRPLUS' MICHAEL THOMAS

"If the payment solution is in the name of the agent, you can only collect an invoice in the name of the agent," said Waldmann. "If HRS has paid, the invoice has to be in the name of HRS, so the customer cannot reclaim VAT on it."

Waldmann said that until HRS took mitigating action, 60 percent of its customers stood to be affected by TOMS. Those included many non-German customers, because all clients using HRS's central billing facility were handled via a German legal entity.

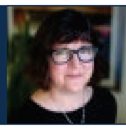
However, HRS has been anticipating the problem since the European Commission launched legal proceedings against Germany three years ago. It is one of the reasons the group launched Invisible Pay, which operates under its own banking license, effectively making HRS a payment issuer and acquirer in its own right. Consequently, bookings paid through Invisible Pay are invoiced with the customer's name and address rather than that of HRS, allowing VAT reclamation in the usual way.

Many other travel service providers have started to address the TOMS challenge far more recently and will be unwilling or unable to adopt a solution similar to HRS's. However, the German travel industry is not yet sure which kinds of mitigation will be considered acceptable. The federal ministry of finance is expected to provide a letter of clarification that would define more fully what it considers a "travel service" within the scope of TOMS, but this could take up to a year.

"Companies must ensure that, pending final clarification as to which business areas are actually affected, invoices for travel or accommodation services provided are accompanied by the correct billing address issued at their business address—even if they are billed using a lodge card," said Inge Pirner, vice president of German travel managers' association VDR. "Only then is input tax deduction still possible for these travel services.

"We are still in touch with the responsible head of department at the Federal Ministry of Finance and are collecting cases which, in our view, should not fall under TOMS, but which are unclear. We hope to achieve clarification in the course of 2020."

Waldmann offered two pieces of advice to travel buyers. First, he said: "Sit down with the local tax people in your company." Second: "Sit down with your suppliers to understand what their solutions are."



LODGING EDITOR DONNA M. AIROLDI

CBRE Forecasts Muted Growth Through 2021 for

In synch with recent corporate and STR U.S. hotel industry downgraded forecasts, CBRE Hotels in its December 2019 Hotel Horizons report anticipates an ongoing industry slowdown through 2021. Still, the report calls for continued growth during the period, albeit diminished from prior years, with higher growth rates projected to return in 2022.

The hospitality advisory company also adjusted its full-year 2019 demand outlook upward from 1.8 percent year-over-year-growth as projected in September to 2 percent, matching supply growth, and its occupancy guidance to remain flat at 66.1 percent as opposed to dipping slightly. Year-over-year room rate growth will remain limited, at 0.9 percent to $131.08, resulting in a 2019 revenue per available room forecast of 0.8 percent growth over 2018.

CBRE 2020 U.S. Lodging Industry Forecast, YOY Change

Supply	1.9%
Demand	1.3%
Occupancy	-0.6%
ADR	1.4%
RevPAR	0.7%

Source: CBRE Hotels Research, December 2019 Hotel Horizons

Beyond 2019, CBRE forecasts year-over-year demand growth to decelerate, and for occupancy levels to decrease in 2020 and 2021, but at a slower pace than reported in August, with the current economy continuing to support lodging demand, "thus perpetuating occupancy levels above 65.5 percent," said CBRE Hotels senior managing director Mark Woodworth. "By our measure, the U.S. lodging industry reached the peak of its current cycle in 2018. History calls for a downturn in 2020 or 2021. However, because the forecast declines in occupancy

U.S. Hospitality Industry

and real ADR are minimal, we are seeing a slight rollback in performance, which leads to sustained expansion starting in 2022."

CBRE predicts year-over-year RevPAR growth rates of 2.1 percent in 2022 and 3.5 percent in 2023. ◂

Extended Stay America Appoints New CEO, EVPs

Extended Stay America last month named lodging industry veteran Bruce Haase as its new president and CEO, effective immediately. He succeeds Jonathan Halkyard, who began his tenure on Jan. 1, 2018, and who will continue to advise the company through Feb. 25, 2020. Haase also will become a director of ESA and remain as a director of ESH Hospitality, ESA's paired-share REIT, a position he has held since 2018.

Haase served as CEO of the extended-stay brand WoodSpring Hotels from 2014 to 2016 and spent 12 years in various executive positions with Choice Hotels, including EVP of global brands, marketing and operations.

ESA also announced the appointments of Kelly Poling as EVP and chief commercial officer and Randy Fox as EVP of property operations. Poling most recently was CEO of Premier Worldwide Marketing, the representative for Karisma Hotels & Resorts, and was the company's EVP of marketing and consumer revenue from 2017 to 2019. Prior to that, she served as EVP and CMO for WoodSpring Hotels. Fox joins ESA from InTown Suites and Uptown Suites, where he was COO. He also served as EVP of operations for WoodSpring Hotels from 2012 to 2016.

The appointments follow a negative third-quarter earnings report for the company. ◂

CONTINUED FROM FRONT PAGE

Get Ready For the NGS

France, Air New Zealand, British Airways, China Eastern, China Southern, Finnair, KLM, Scandinavian Airlines and Virgin Atlantic.

System providers in the initiative include GDS providers Amadeus, Sabre and Travelport, airline passenger services system provider DXC Technology, and airline IT specialist OpenJaw, as well as SITA and the International Air Transport Association. Twenty-one distribution channels, including metasearch operators Skyscanner and Kayak and booking app Hopper as well as such online travel sellers as Lola, Psnger1, TravelBank, TripActions, Upside and WhereTo.

Now that the first version of NGS for the domestic U.S.—also including Puerto Rico and the U.S. Virgin Islands—has been completed, the standard will be hashed out elsewhere. ATPCO soon will create advisory boards for the Asia/Pacific, transatlantic, transpacific and Canada domestic markets to build and shape the standard for their respective regions. Participation is invitation-only and will consist of airlines and distribution channels representing more than 50 percent of flying capacity in its respective region.

Members of the four new advisory boards include CWT, Ctrip.com and Skyscanner, along with Air China, British Airways and Virgin Atlantic, as well as American Airlines and Delta Air Lines.

Show Me the Standard

Next Generation Storefront is a sorting and grouping standard for airline product data. Under the standard, indirect distribution channels must group airline product into six columns, called "shelves." Each will have a numeric identifier from one to six. Shelf placement criteria are based on seat pitch, seat type, advance changes, advance seat selection, carry-on baggage allowance and cabin (see table). Channels have flexibility about which shelves they show.

Fares in shelf six must be in the higher of a two-cabin aircraft with all-flat seats and direct aisle access. However, to simplify shopping for U.S. domestic flights, fares meeting the definition will be placed in shelf five and there will be no sixth shelf. For transoceanic flights, the fares will appear in the sixth shelf.

For each fare, there must be a "drawer" that provides the traveler with information about the fare's flight and associated attributes and amenities, such as types of available beverages, entertainment, lounge access, Wi-Fi, checked baggage allowance, refundability and priority boarding.

Who Has Adopted NGS?

Throughout 2019, online travel sellers, including Psngr1, TravelBank, Upside, and WhereTo, and TMCs TripActions and AmTrav implemented NGS on their booking tools and provided feedback to the working group. CWT is testing the standard with Sabre and Delta. Lola and booking tool GetThere are in the process of adopting the standard.

Some enthusiastically adopted the standard, but some OBT executives told BTN on condition of anonymity that Delta threatened access to the carrier's content unless they did so.

During the Innovate session, one travel manager audience member asked Delta's Lobl, who was a panelist, about Delta's stance on withdrawing content. He said Delta is pushing distribution channels to be more transparent about the carrier's products, citing basic economy as an example. Many business travelers book basic economy through indirect channels, he said, thinking it's the lowest logical fare but unaware of restrictions. This has frustrated customers, who end up blaming Delta, not the distribution channel, he said.

"On behalf of our customers, we have insisted the distributors we have out there who sell our product do the proper disclosures of what that product represents," Lobl said. "If people are just in the interest of conversion or making a sale and unwilling to share that information with customers, then we are going to have much harder discussions with them," he said.

That said, there is a massive gap in NGS adoption in the corporate travel booking segment. Concur, which claims more than 48,000 corporate customers, has "not made a final decision that is the one standard we are going to follow, but we are going to do a better job of displaying stuff like that," said SAP Concur director of distribution and NDC Tom Wilkinson.

New Zealand-based booking provider Serko also has not adopted NGS. "We don't feel we want our user interface to be standardized," said SVP Tony D'Astolfo. "We want to have flexibility."

How Will Policies Operate Under NGS?

NGS is a standard built for distribution channels in both business and leisure air travel.

That business travelers often are restricted by policies while leisure travelers aren't can get complicated.

"We know [policy is] critical to [OBT] adoption, so there is absolutely nothing about NGS that is inconsistent with travel policy enforcement," Lobl told BTN. "All it's doing is putting products in front of the customers, and there can be policy overlays on that as much as an agency and OBT wants to put them in."

NGS will solve leakage issues that frustrate travel managers while helping travelers find the best experience, according to Lobl. "It provides all products to the traveler in their [corporate's] preferred channel so they don't have to go looking elsewhere," he said. "Once they are within their preferred channel, there may well be products that are within policy and will give customers a better experience, but they have to be able to see [them] in order to make that judgment."

Overlaying policy on NGS is a challenge, according to Flight Centre Travel Group chief experience officer John Morhous, who prefaced his comments at the Innovate Master Class by saying Flight Centre is pro-NGS and has a 25 percent stake in Upside. Booking tools use messaging, grayed-out options and other ways to highlight policy, yet as managed business travelers assess the shelves in an NGS environment, they could be tempted to buy more expensive fares. "A lot of people [will see] the actual fare but will buy a different fare class, because they [can also see] the premium economy seat is only $20 more than the economy seat, and they are getting a lot more for that," Morhous said.

In September, ATPCO reported Upside experienced a 62 percent increase in premium bookings af-

Shelf placement criteria for domestic U.S. flights

SHELF 1

- seat pitch is less than 34 in.

UP TO ONE OF THE FOLLOWING:

- advance changes are free or for a fee
- advance seat selection
- first full-size carry-on is free

SHELF 2

- seat pitch is less than 34 in.

AT LEAST TWO OF THE FOLLOWING:

- advance changes are free or for a fee
- advance seat selection
- first full-size carry-on is free

SHELF 3

ONE OF THE FOLLOWING:

- seat pitch is at least 34 in.
- a recliner seat with a seat pitch of less than 36 in.
- a recliner seat that is in the economy cabin
- a Skycouch seat or middle-seat free

SHELF 4

- a recliner seat with a seat pitch of at least 36 in. and is not in the economy cabin

SHELF 5

- all the seats within the cabin convert to a flat bed

Source: ATPCO

ter adopting NGS. While that's not a managed channel, it's an indicator of how strong the pull can be to access upgrades, regardless of travel policy.

Additionally, many of NGS's early partners have been emerging players like TripActions, TravelBank and Upside. These providers service mostly small and midsize travel programs, where travel programs often are lightly enforced or just starting to be developed.

"If early-stage companies are flush with venture capital, travel policies may not be the No. 1 issue because they are just trying to grow and invest, and they don't want any obstacles or barriers to be in the way," TravelBank CEO and cofounder Duke Chung told BTN. Relying on this type of user for market feedback may not have prioritized the needs of a managed environment.

As providers like WhereTo and TripActions drive into the enterprise market and carriers introduce more premium-class products, the effect of NGS on policy compliance will become clearer, but Morhous offered a preview: "If you have different policy items around specific fare classes or amenities, you better adapt that to all these different permutations of displays, which is a bit of challenge."

Concur's Wilkinson cited the complexity of implementing the standards for its massive customer base as one reason the company hasn't adopted NGS.

"All [our customers] have different policies, and many of them have different policies for different people within their corporation. Now you introduce six new shelves, and inside each there is a drawer. Trying to show what you want for that group of customers is a magnificently complex issue," Wilkinson said.

At the Innovate session, American Express Global Business Travel global distribution manager Allie Coughlin said the mega TMC is considering an approach that uses more policy tools. "Our NGS adoption is probably going to be an NGS-inspired standard we customize based on policy, to maybe only pull in the shelf that is compliant with your policy, then one shelf that shows actual savings above," she said.

Hammering Out Some Details

Wilkinson and D'Astolfo said not all airlines are on board with the NGS initiative either. "A lot of the airlines have suggested that some of the [shelves] are placing them at a disadvantage," said D'Astolfo.

Some participating carriers in NGS still have not submitted their branded fare and amenity data to ATPCO and its Routehappy airline content subsidiary, causing content display problems.

"It's great to have pictures of what lie-flats [and] meal options look like, but if those pieces are not supplied in the Routehappy [application programming interface], then the ability for any booking platform or OTA to display them becomes quite minimized," Morhous said.

NGS provides a shopping experience for air that's different from hotel and ground, which could reduce in-channel bookings, according to Morhous. "If the shopping process is dramatically different for airline versus hotel," he said, "then you start to see issues where people drop off the tool."

Developing the Future Online Booking Tool

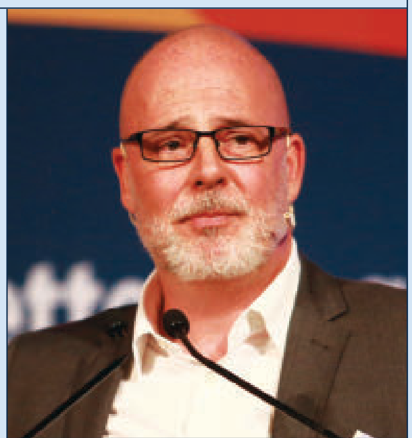
BY PAUL TILSTONE

Earlier this year Festive Road surveyed and interviewed over a hundred business travel buyers and conducted interviews across the online booking tool community about the OBT experience and the challenges facing booking providers. Three things were clear:

OBTs are resigned to their challenges—Resigned because once full content was a given, now it's not. Because adoption was a given, now it's not. They are stuck between a rock and a hard place: They need big investments to overcome challenges created by legacy strategy and to create something exciting for the customer. That investment isn't there as the OBT has become commoditized.

OBT leaders want a better solution—One COO said, "Leisure travel tools shouldn't be the goal; we should do better than that." In other sectors enterprise tools bring a great UI and control together successfully, so it's possible.

It's not all on the OBTs—Buyers are part of the challenge. Most don't look through the eyes of the traveler; they require OBTs to focus on control, not customer experience.



Paul Tilstone is a managing partner of UK-based corporate travel consultancy Festive Road.

"Let's be honest. There's a future when we are near 100 percent online. We should strive to make digital retailing in corporate travel somewhere travelers want to be rather than where they feel they are supposed to be."

What's an OBT to do?

In another universe, online travel agencies continue huge investment in product development and marketing. How can OBTs compete against the $10.6 billion investment Expedia Group and Booking Holdings made in marketing their products in 2018?

A 2019 GBTA webinar showed 40 percent of business travelers planned to use OTAs more. Why not? They are more attractive and stickier to the end customer.

The market needs to create OBTs which are so good travelers are desperate to use them instead of going off channel. That's a big challenge when the gap is so great and the financial models don't support the investment.

An API Answer

Widespread application programming interfaces might drive a more dynamic OBT offering and opportunities for new business models. Three development areas are key:

Democratized distribution—APIs will help further democratize distribution and this will accelerate change, resulting in richer and wider distribution. In addition, many more providers are beginning to drive distribution change from the source of the offers at The Passenger Service System or Central Reservation System level to the consumption of the offers at the point of retailing. This consumption will also move beyond today's browser-based OBT to channels where the traveler already is—Whatsapp, Outlook, LinkedIn, Salesforce, Slack, etc. Change could come from some of the large tech companies or startups in the aggregation/OBT space or of course the existing travel technology companies, the GDS, OBT and TMC providers themselves.

Attribute-based shopping—The drive towards attribute-based shopping must accelerate. It's prevalent in our private lives and we already see it introduced in business travel, but there's more we can do. From inclusion of sustainability parameters like carbon per flight or carbon per available room to productivity metrics or performance indicators like on-time performance.

Policy polarization—The rise in ancillaries and increased diversity of product will result in corporations either having to simplify travel policies to allow an OBT to interpret and apply them easier or, conversely, policies must accommodate increasing variation. The latter will require more sophisticated OBT policy engines.

Ultimately, these developments will lead to the evolution of a "Corporate Consumption Engine" approach. On the back of democratized API distribution, accelerated attribute-based shopping and greater policy sophistication/simplification, growth in AI technology will allow future OBTs to dynamically manage the information provided to the supplier to source the fares.

It will "face off" on behalf of the corporate against revenue and offer management systems with learned behavior and the power of the corporate and individual's data. Policy will be applied at the point of sale, in context and with the travel manager able to adjust the rules of engagement according to market conditions, company objectives, financial performance and their own data.

Simply put, broader choice and consumer-like shopping overlaid with sophisticated policies will allow OBTs to meet the needs of both buyers and travelers.

A Shifted Position & New Revenues

These developments could enhance the OBT's position, where they will need money to invest in the development of product that brings the travel experience to life and provides context in the face of huge ancillary content.

OBTs may also need to develop brands that resonate in the hands of the business traveler and are in front of their eyes at all times. That could result new OBT business models, and maybe we're already seeing them:

Platform TMCs—Platform TMCs that create content, control and customer experience with a single source of truth, regardless of consumption point, will continue to grow. Some will leverage investments in the B2C side of their business to bring consumer-focused developments through to business travelers.

More direct relationships—Buyers will control their OBT delivery, either with a third-party technology provider or by building their own OBT, as one major corporate confided to Festive Road. This would change the primary retailing partner from TMC to OBT, clearly focusing the TMC's role on fulfilment, concierge service and the total travel management picture. Traditional reseller models would be challenged, and OBTs could consider different revenue streams to increase financial positions and facilitate investment in product and positioning.

Let's be honest. There's a future when we are near 100 percent online. We should strive to make digital retailing in corporate travel somewhere travelers want to be rather than where they feel they are supposed to be. ■

Business Travel News (USPS 0728-870, ISSN 8750-3670) December 16, 2019 Issue 865 Vol. 36, No. 18. Business Travel News is published monthly except semi-monthly in March, April, May, and June and thrice-monthly in October 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. 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 47655, Plymouth, MN 55447; by phone at (800) 869-6882; fax at (866) 658-6156; e-mail at btn@kmpsgroup.com; or www.businesstravelnews.com/subscribe. POSTMASTER: Send change of address to Business Travel News, P.O. Box 47655, Plymouth, MN 55447. Printed in the USA.