

BTN

BUSINESS TRAVEL NEWS



PAYMENT

Letgo's David Wieseneck deploys a new hotel payment option so that the company's business travelers no longer must use their personal cards.

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MANAGEMENT

GBTA COO and executive director Scott Solombrino discusses industry advocacy, staff reductions and planning for recovery.

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VOICES

Even as business travel shuts down, using this time to prepare for recovery is valuable and empowering, says Traxo's Cara Whitehill.

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TOP STORY



BY ELIZABETH WEST

COVID-19 UPDATE

Will the \$2.2 Trillion CARES Act Save Travel?

U.S. President Donald Trump signed into law on March 27 the biggest economic rescue package in the nation's history. The \$2.2 trillion Coronavirus Aid, Relief and Economic Security Act extends a lifeline to the travel industry as the viral outbreak bears down on New York and cases mount in middle American cities like Chicago, Detroit and New Orleans, grinding travel and the U.S. economy to a halt.

Airlines Reporting Corp. data showed corporate air travel decimated by 94 percent year over year for the week ending March 29. STR data showed U.S. hotel occupancy at 30 percent. Travel agencies and ground transportation providers are laying off their ranks. All said, the CARES money can't come soon enough. In the meantime, industry associations are lobbying for more.

FULL STORY ON PAGE 14

U.K. Government Refuses Blanket Bailout for Airlines

BY MOLLY DYSON

A group of nearly 40 Members of the U.K. Parliament sent a March 28 letter to Chancellor of the Exchequer Rishi Sunak, urging him to offer support for airlines suffering financially from the coronavirus outbreak.

Sunak in a March 24 letter to aviation executives had said airlines first should look to raise money from shareholders, with the government prepared to step in only on a case-by-case basis once they had "exhausted other options."

The airline industry has been lobbying the government for a widespread bailout package to keep firms from going under as demand for air travel drops and international travel restrictions continue. Many carriers have introduced severe cuts to their flights, while others have completely grounded their aircraft until further notice.

Some airline executives said companies will fail without government help because revenues have dried

up nearly completely, but costs are still high—including fees for parking grounded aircraft, regulatory obligations and taxes, alongside staffing costs.

In the letter, the MPs said the coronavirus' impact on the aviation industry had been "severe and truly unprecedented," noting that markets with the harshest travel restrictions accounted for about 98 percent of passenger revenues globally.

They wrote: "Restrictions have all but eliminated airline and airport revenue, but not costs, which are substantial and go far beyond solely wages.

"It remains unclear what the duration of the economic impact will be on the UK's airlines and airports, who face a pressing challenge to survive."

Former aviation minister Robert Goodwill, a Member of Parliament who added his name to the letter,

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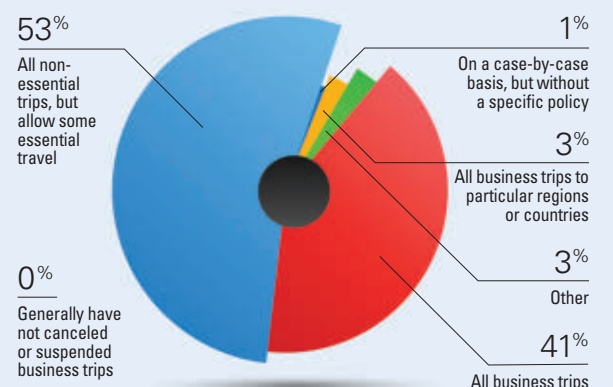
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Firms' Stance on Business Travel During Pandemic

Which business trips have been canceled or suspended?

Source: A GBTA March 18-21 online survey of 1,155 members



**Traveler
health
and safety**

**Controlling
costs**

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- Jay Salim, VP of HR & Operations, Complex Networks

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Extraordinary Times Call for Extraordinary Measures

Business Travel News is here for you, literally. You are reading the digital edition of our April 2020 issue.

You may not regularly receive BTN's digital edition, but with offices closed around the world, we want to keep you keyed into the news you need and the connections you care about. In this issue you'll find:

- **Details on the \$2.2 trillion CARES Act:** How your U.S.-based corporate travel partners will benefit, and what travel industry advocate groups are doing to ensure business continuity beyond the Covid-19 crisis.
- **Dispatch from the UK:** Why a government-diven airline rescue is critical to the U.K. and European economies.
- **Airline vitals:** Capacity updates and temporary consolidation concepts now being floated by U.S. carriers.
- **Helping hands:** Even in it's hour of need, the travel industry is stepping up to help others.
- **Accor's reimagined loyalty program:** Did you know industry analysts consider hotel loyalty critical for brands that will survive and thrive after coronavirus fades? Get the details on Accor's new program.
- **Sabre-Farelogix merger uncertain:** Will Covid-19 sink this much anticipated tie-up, which was already in choppy regulatory seas?
- **Case Study:** BTN profiles a startup that beta-tested TripActions new Liquid virtual payment.
- **Life after Covid-19:** Traxo CCO Cara Whitehill shares advice she's gleaned from buyers about how coronavirus has reprioritized travel management objectives.

In this issue, you'll find dire consequences of Covid-19 thrown into stark relief. As editorial director, I speak for the entire BTN team to say we are committed to helping you manage the business of travel and meetings through the crisis. By sharing candid, real-life information, we will be here to facilitate recovery as you evolve your programs.

Reach for BTN's monthly issues, daily and weekly newsletters, online events and webinars when you need the information that matters most to your job. BTN continuously delivers accurate, actionable content alongside ideas and innovations to elevate your travel management game.

For now, look for BTN's digital edition in your email box every month. It's the most logical way to deliver our issues in these times of social distancing and working from home. You can print the issue for easy reading, or dig into the digital product. Also, keep an eye out for invitations to digital education events, webinars, and networking opportunities. Together, we will build skills, careers and the future of managed travel. It starts now.



Elizabeth West

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U.S. Carriers Consider Temporary Consolidation, Slash Capacity

BY MICHAEL B. BAKER

U.S. airline executives are discussing the possibility of submitting a proposal to the U.S. Department of Transportation that would allow them to consolidate service on routes during the crisis, so that passengers with tickets across various carriers all could fly on a single flight, according to a March 29 CNBC report.

Such a move would enable carriers to maintain service, per the stipulations of the \$50 billion in federal relief available to airlines (see story, page 1), while eliminating the costs of running multiple nearly empty flights on routes. Any proposal would require approval from the Trump administration and for airlines to work out the financial details together.

In the meantime, carriers continue to deeply cut capacity for April and May as demand further withers amid stay-at-home orders, enforced social distancing and a global pandemic.

American Airlines has cut 60 percent of its total capacity for April and plans to cut as much as 80 percent of its capacity in May, the carrier announced.

Those cuts include international capacity cuts of 80 to 90 percent for both months. American is reducing domestic capacity by 60 to 70 percent for April and by 70 to 80 percent for May. The announcement reflects a deeper cut than the planned April cuts announced last month of 75 percent for international flying and 30 percent for domestic.

Service to Hawaii is one of the biggest cuts, as travelers to the islands now face a 14-day quarantine order. American will be operating a single daily flight between Los Angeles and Honolulu, and service into Kona, Lihue and Maui has been suspended.

Additionally, American has extended its change fee waiver to apply to tickets purchased through April 15.

United Airlines has cut April domestic capacity by 52 percent and overall capacity by 68 percent, worldwide sales SVP Jake Cefolia said in a March 27 email to clients.

In March, United cut international operations by 90 percent in April. Through May, the carrier will continue flights between Newark and each Frankfurt, London and Tel Aviv; between Houston and São Paulo; and between San Francisco and both Tokyo Narita and Sydney.

“We’ll continue to review our processes and business plans and adjust accordingly as circumstances evolve,” according to Cefolia.

Delta Air Lines has cut total capacity by 70

percent “until demand starts to recover,” CEO Ed Bastian said last month in a letter to employees.

The cuts include an 80 percent reduction in international service over the next few months. Recent cuts include complete suspension of flights to Paris, Johannesburg and Accra, Ghana, after this weekend.

Delta also is parking half of its active fleet—more than 600 aircraft—accelerating aircraft retirements, enacting executive pay cuts and closing most of its lounges.

Delta’s March revenue will decline \$2 billion year over year, and the drop will be worse in April, Bastian said.

Southwest Airlines has canceled at least 1,500 of its 4,000 daily flights until April 14, the carrier announced, has all international service until May 4, and cut about 20 percent of its capacity through June 5.

Record Cuts to Capacity

Those capacity cuts come as the global airline industry reduced capacity by 20 million seats during the week ending March 29, its largest single weekly capacity cut in recorded history, according to OAG.

A significant portion of that came from U.S. carriers, which that week cut 4.4 million seats—a 21 percent reduction in capacity—including 3.5 million domestic seats, OAG analyst John Grant said. United and Delta had week-over-week reductions of 38.1 percent and 45.7 percent, respectively. Planned cuts from American Airlines and Southwest Airlines had not hit that week’s data and together should account for an additional reduction of about 3.5 million seats the following week, according to Grant.

Among global carriers, KLM and British Airways made the largest cuts in capacity during the week ending March 29, each reducing their number of seats more than 70 percent week over week, according to OAG. Jetstar Airways, Latam, Air Canada, Qantas, Air New Zealand, Interjet, Turkish Airlines and Aer Lingus that week also all recorded reductions higher than 55 percent week over week.

On a country-by-country basis, Brazil had the largest week-over-week reduction in available seats, down nearly 80 percent from nearly 2 million seats to about 400,000 seats. India, which entered lockdown last week, saw its available seats decrease more than 70 percent from about 3.6 million to about 1.1 million.

After scheduled cuts take place this week, the bottom could be in sight, according to Grant.

“It took the airline industry some eight weeks for global capacity to fall from 106 million to 90 million; it took a further two weeks for that to fall to 49 million,” Grant wrote. “With a number of schedule updates expected this week and no real signs of capacity in next week’s current data, we could expect capacity to be closer to 44 million seats a week. If deeper cuts take place in some of the major markets then we will perhaps get quite close to 40 million, a point from which we would hope to begin to see some signs of recovery occurring.” ■

“It took the airline industry some eight weeks for global capacity to fall from 106 million to 90 million; it took a further two weeks for that to fall to 49 million.”

—OAG’S JOHN GRANT



Accor Revamps Loyalty Program

Accor Live Limitless, or ALL, is the Paris-based hotel company's new loyalty program, launched in January. The program features some standard elements, like tiered benefits that, depending on status level, include member discounts, early check-in/late check-out, welcome drink, upgrades, executive lounge access, free breakfast, as well as some new perks. BTN's Donna M. Airoldi spoke with Accor SVP of sales and marketing for North and Central America Jeff Doane, who was part of the team that developed the new program. The conversation has been edited for length and clarity.

WHAT WAS THE IMPETUS BEHIND REVAMPING ACCOR'S REWARDS PROGRAM?

If you look at what Accor has been through the past three or so years, they went on a bit of a buying spree. They bought the company I worked for, Fairmont, Raffles and Swissôtel, as well as Mövenpick, SBE, Mantra, Mantis. A number of different hotel companies came into the fold. One of the big things we're trying to accomplish is to create the glue to put all these brands together so that your target audience and your engaged customers who are already members of all the various loyalty programs understand that we are all connected. When they travel to a city in which we have hotels, they have different options as opposed to what we were able to offer three years ago. That is one strategic thing we were trying to accomplish.

WHAT DIFFERENTIATES YOUR PROGRAM FROM OTHERS?

We recognized two things: One, you need to have a compelling and engaging loyalty program in today's travel world. To me it's table stakes, especially in North America with Hilton and Marriott. [Second], we wanted to launch something even bigger than that. It's more than just an earn-and-burn program. When a guest becomes a member, we're trying to let them know we know who they are, and we're going to deliver personalized experiences to them. Moving from just a loyalty program to more of a recognition program was a big part of what we tried to accomplish.

HOW DOES ALL DIFFER FROM THE PREVIOUS PROGRAM?

We're offering [ALL members] a best price guarantee if they book on our website ... with a meaningful refund of 25 percent if they find a lower price elsewhere. We also gave elite members a number of suite night upgrades depending on their level. We created new levels to recognize members who are very loyal to us. Previously our highest level was Platinum. Now Diamond is a higher tier for those members who are our very best guests. A tier even above that is called Limitless. We also launched the ability to earn and utilize points for food and beverage experiences. You no longer need to be a guest in the hotel to use your points and/or earn points while you're eating in our restaurants. Beyond that, we launched a number of Elite Experiences, where members can use



Accor's Jeff Doane talks...

- Combining all participating Accor hotels and brands into one program
- Expanding tier levels and experience options
- Using AI for personalized offerings

"Moving from just a loyalty program to more of a recognition program was a big part of what we tried to accomplish."

points to buy experiences that may not be available to customers elsewhere. On New Year's Eve [last year, during the soft launch of the program,] customers could use their points to buy [entrance to] an event at our Novotel Times Square [on the] spectacular patio that overlooks all of Times Square. We've also managed to secure a couple of tables at the Tony Awards dinner that honors the winners. ALL members can use their points to buy these [kinds of] experiences.

FOR THE TIERS, IS THAT CUMULATIVE OR MUST IT BE FOR A CALENDAR YEAR? HOW DID IT WORK FOR PEOPLE COMING IN FROM OTHER LOYALTY PROGRAMS?

It's for a calendar year. We went a long way to make sure we were honoring previous status and bridging any gaps that may exist and that we had an open line of communication with those customers so they didn't feel like—or weren't—losing any status. We've gotten pretty good feedback in terms of them recognizing that.

TELL ME ABOUT THE TECHNOLOGY BEHIND THE PROGRAM.

We launched an entire new customer-facing website and app, and both revolve around the loyalty program. We wanted the app in particular to be something useful to our customers and guests in their everyday lives. It's in its infancy now, but as we add partners and features to the app, it'll become more useful for our customers to do simple things [when traveling] like what's the weather, what's the traffic from the airport. We're looking at partnering with ride-sharing companies.

WHAT ABOUT TECHNOLOGY FOR THE HOTELS?

Behind the scenes is a platform that allows us to better manage the interactions we have with our guests in terms of earning and using points, and the F&B side. But it also allows us to track better the customer and their preferences. That part of the platform is really the differentiating part, but it's behind the scenes. It lets us know better the things our guests want from their experiences at our hotels. And then hotels can access it to better deliver against those expectations.

ARE YOU USING ARTIFICIAL INTELLIGENCE AND OTHER DATA TO LOOK AT PAST BEHAVIOR AND SERVE UP SOMETHING SIMILAR FOR THE NEXT VISIT?

Yes. That's exactly it. With applications like that, of course, the longer it's in place, the more it learns and the better informed we are. We're never trying to eliminate the human element of the experience. A big part of our customers' expectations is not just do we know you from a tech perspective, but do our colleagues know you and are they delivering on these experiences? At the end of the day, that still is our business, which is people delivering service to our guests.

SOME BUSINESS TRAVELERS WANT POINTS AND BUYERS WANT THEM TO STAY IN THE PROGRAM. HOW DO YOU WORK WITH COMPANIES ON THIS?

It is definitely a case-by-case basis. We have entire business travel sales teams that work with customers. Because everyone has different rules on how that works, each of our customers needs to figure out how to comply [with their own policies]. Then it's a matter of making sure travelers are aware of the program to begin with and the tenets of the program and why it might be meaningful to them. ■

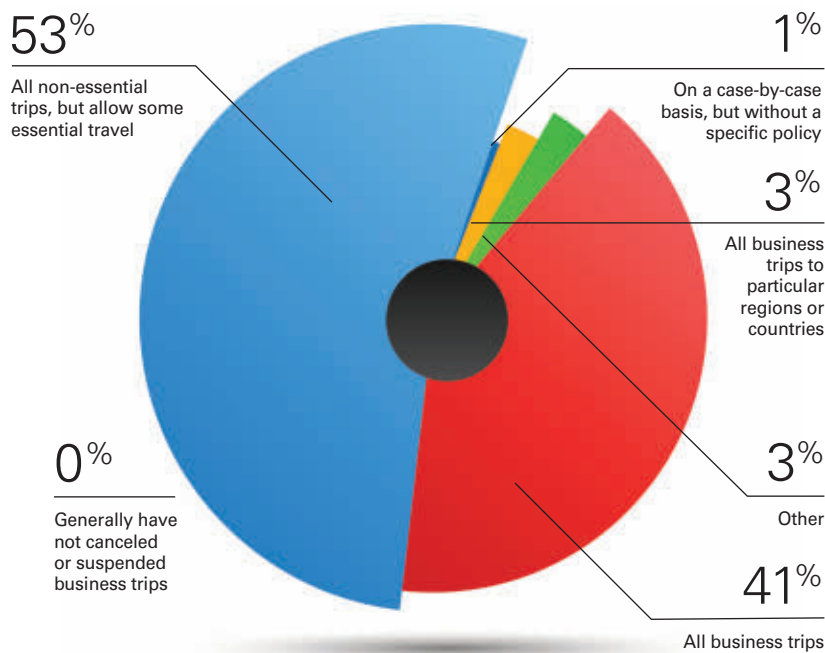


Covid-19 Strafes Airlines, Shreds Travel Approvals

The extreme effect on business travel of the coronavirus pandemic, and its disastrous implications for the airline and hotel industries, was illustrated in late March with data from the Global Business Travel Association and the International Air Transport Association. A GBTA March 18-21 survey of 1,155 members, 53 percent of whom were travel managers or procurement professionals, detailed travel policy changes due to Covid-19. Meanwhile, an IATA economic analysis warned of carriers' dire situation, and STR demonstrated U.S. hotels' plight.

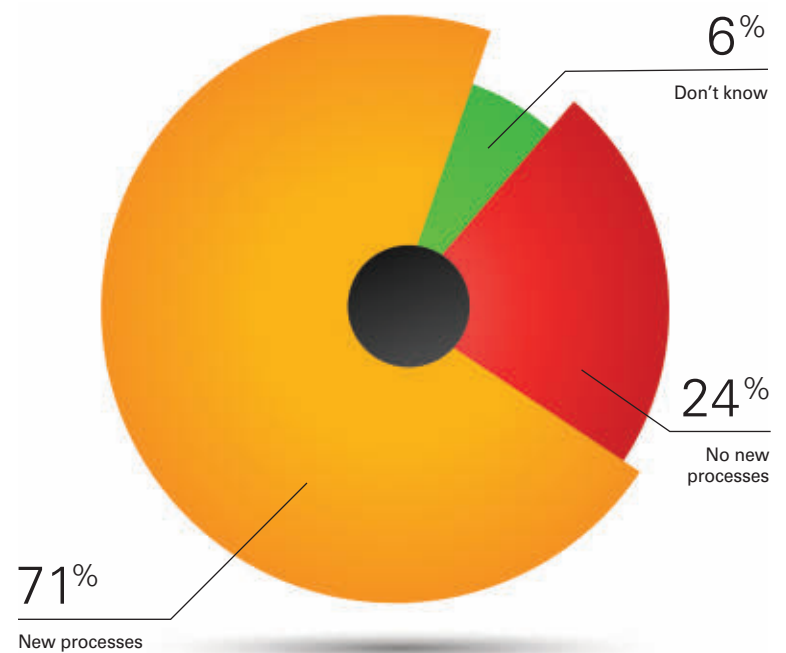
FIRMS' STANCE ON BUSINESS TRAVEL DURING PANDEMIC

Which business trips have been canceled or suspended?



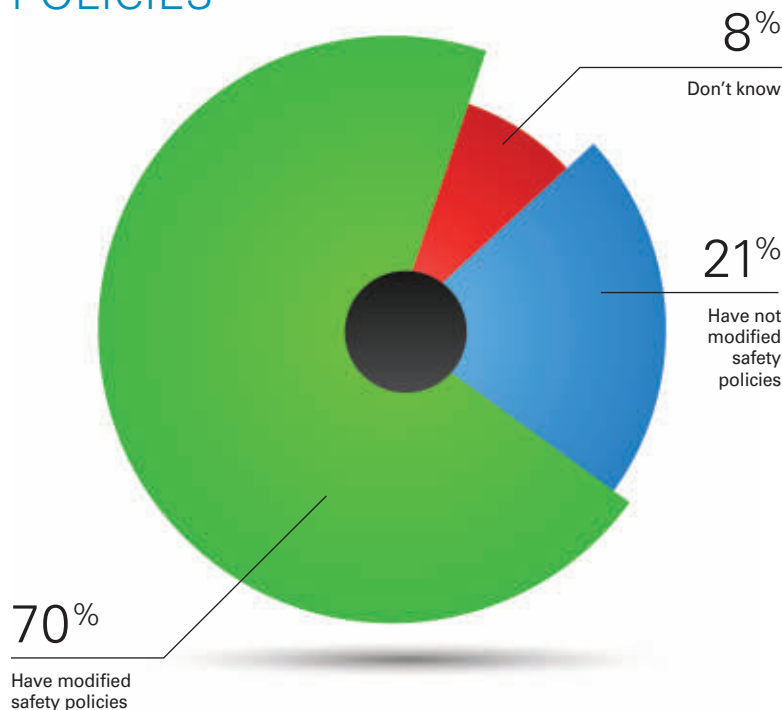
Source: A GBTA March 18-21 online survey of 1,155 members

MOST COMPANIES INSTITUTE NEW TRIP-APPROVAL PROCESSES DUE TO PANDEMIC



Source: A GBTA March 18-21 online survey of 1,155 members

MOST COMPANIES MODIFY TRAVEL SAFETY AND SECURITY POLICIES



AIRLINES FACE PROJECTED WORLDWIDE DOWNTURN

REGION OF AIRLINE REGISTRATION	PROJECTED 2020 RPKs*, YOY CHANGE	PROJECTED 2020 PASSENGER REVENUE, YOY CHANGE, IN US\$
Asia-Pacific	-37%	-\$88b
North America	-27%	-\$50b
Europe	-46%	-\$76b
Middle East	-39%	-\$19b
Africa	-32%	-\$4b
Latin America	-41%	-\$15b
Total	-38%	-\$252b

*Revenue passenger kilometers Source: IATA Economics

U.S. HOTEL DEMAND PLUMMETS

Year-over-year change, week ending March 21

Occupancy	30.3%	-\$88b
Average daily rate	\$93.41	-\$50b
Revenue per available room	\$28.32	-\$76b

Source: STR



Tyra Warner



Brian Buck



Kevin Iwamoto

Cancellations & Postponements

CLAUSES, LEVERAGE AND RELATIONSHIPS

These are unprecedented times for meetings due to the Covid-19 outbreak. For the week ending March 21, group occupancy at U.S. hotels was at less than 1 percent and had declined nearly 100 percent in each of the top 25 U.S. markets compared with a year prior, according to STR. Cancellation and force majeure clauses in contracts are more important than ever. BTN's Donna M. Airoidi talked to Bizly chief strategy officer Kevin Iwamoto, meetings industry attorney and College of Coastal Georgia professor Tyra Warner and negotiation consultancy Scotwork North America CEO Brian Buck about how meeting managers can mitigate losses, and the leverage a strategic meetings management program can bring a company.

Q *What should a meeting manager do if there is a need to cancel or postpone a meeting or event?*

Tyra Warner: They need to [make] sure that everybody is aware of the financial repercussions internally before any decision is made. I can't count how many times I've heard that the decision has come down from above to cancel a meeting, but then the CEO gets the bill for \$500,000 and says, 'Are you crazy? Why did you cancel that?' Next, communicate with the hotel and be as transparent as possible. Put it in writing, and do it as soon as possible, because cancellations are usually on a sliding scale, so the sooner you cancel could affect how much you have to pay. Be clear about whether it's a cancellation, a postponement or whether you are claiming force majeure.

Q *With Covid-19 now a pandemic, how does force majeure work for meetings?*

Warner: Legally with force majeure, the contract terminates without liability. It's like the contract self-destructs. And there is no obligation to rebook or renegotiate anything. Clearly for any meetings that are immediate, it's a slam-dunk force majeure, especially with many city and state governments issuing no-gathering orders. [But] there is a gray area. People with

meetings in June and July may want to cancel, but some facilities are saying we should be fine: 'You can cancel, but we will not assume it is a force majeure.' So, a lot of people are taking a wait-and-see approach.

Brian Buck: With force majeure, either party could cancel the agreement. ... From a negotiation point of view, a force majeure will create conflict, and it presents an opportunity to resolve conflict in a valuable way for both parties. ... You can get out of a bad relationship, ... [or you can] look for opportunities to create a new relationship, whatever that may be. The things you will fight will be opinion: 'We don't know how long this is going to last,' or, 'This will affect us for 12 months.' At some point, you need to trade opinions and place bets on [them]. If you believe everything will be back to normal in six months, and [the other party] believes it will happen sooner, then you can formulate an agreement that would be an upside for you if it takes six months or more to get through this, or an upside for [the other party] if it takes less.

Q *What are some other ways meeting managers have tried to mitigate their losses?*

Warner: People have turned to teleconferencing or videoconferencing, especially when they have had big-name speakers.

Q *Does a company with an SMMP have a better chance of recouping some losses for a cancellation than a company without one?*

Warner: It depends on the contract. They need to use the leverage of having an SMMP ... of having numbers and size and some diversity in meetings. [They could] possibly negotiate multiple contracts with sister properties or through a national sales rep, which could be advantageous for rates, terms or other things. They should negotiate to apply a certain percentage of cancellation damages to a future year booked, to another meeting ... to a meeting booked by another division within [that] company or a subsidiary.

Q *Are there other benefits to having an SMMP during times like this?*

Kevin Iwamoto: In times of crisis and emergency, SMMP managers have an advantage, because if they've consolidated their program or are tracking data, they know where all these events are and all the logistical information. [They] can much more quickly and effectively start to report that information to senior leadership so that they can create appropriate go-forward strategies and back-up strategies ... and make the best decisions to manage through the crisis.

Q *What will the meetings landscape look like post-crisis?*

Iwamoto: If this pushes into quarter three or four, you're going to find that a lot of companies without government support, they just can't financially make it. Some of these companies won't be there. [It would be] really devastating. ... But the buyer-supplier relationship is always a strong one. You need each other to pull off a really successful event. I don't think that will change.

Q *How can meeting buyers support their suppliers better in this crisis and as we emerge from it?*

Iwamoto: I would take a look at all the preferred suppliers they are using and do some outreach and ask, 'How can we support you, and are you doing ok?' Start talking about rebooking and postponement. Reassure them they will get this business when the crisis passes. Maybe take a look at deferred credits or things they have on hand that they can put back into the budget and revenue coffers of the suppliers. ... Take a look at events and canceled space and attrition. How much was covered by insurance? How much was not? What was the total downside to all the cancellations/postponements? They should talk to suppliers on how to reuse and rebook that space. ... Don't wait until the crisis is over to have those conversations. [They] should be brainstorming and jointly doing exercises now. ■



Ditching Personal Cards, Letgo Embraces New Payment System

BY DAWIT HABTEMARIAM

Business travelers at smaller companies don't always have access to the full complement of travel technology and tools that travelers from large companies enjoy. Some don't even have corporate cards, instead using personal credit cards to pay for business travel and requiring post-trip reimbursement by their employer.

Paying for hotel stays in such a fashion is a process that invites friction, said Letgo finance VP David Wieseneck, who runs the travel program for the digital marketplace provider for local sellers and buyers.

That unwieldy and contentious payment and reconciliation process led Wieseneck to participate in a beta test for travel management company TripActions' new Liquid payment product, helping Letgo find what he hopes is a permanent solution for hotel payment.

Letgo has 320 employees, 100 of whom travel at least once a year, and about 30 who do so more than twice per year. Letgo only has two physical corporate cards, one in its New York office and the other in Barcelona, each used primarily for office expenses. "We don't like to give out multiple corporate cards to our executives because it's a lot of time and effort to reconcile," Wieseneck said.

Traveling employees when checking in to hotels often had to present their personal cards and use them to pay for their stays. Afterward, they would have to request a reimbursement from the company. "We reimburse people through Expensify very quickly, but even if it takes you two weeks to get reimbursed, you're still fronting the company money," Wieseneck said.

To avoid using their own cards, travelers could fill out a preauthorization form to gain access to the Letgo corporate card, but that came with its own annoyances. Letgo would fill out the form with Wieseneck's corporate card info and ID and fax it to the hotel. Calling this process "old school," Wieseneck said hotel staff sometimes would forget they had the preauthorized company card and still end up charging the employee, who then had to request a reimbursement from Letgo. Prepaid hotel stays, however, came with the problem of no refunds for cancellations, he said.

Letgo wanted to get away from personal reimbursements for direct corporate spending. It's one of the reasons why the company two years ago signed with TripActions, Wieseneck said.

The Beta Test

In the summer of 2019, TripActions asked Wieseneck if he would be interested in beta-testing TripActions' Liquid. Designed to complement the TMC's all-in-one platform, the product uses a virtual card feature for pay-ahead services like flights and provides plastic credit cards for expenses incurred during trips and can set trip budgets and spending parameters.

Wieseneck saw a potential solution to his program's aching hotel problem. "I wanted to solve the



"If you try to go to Home Depot to buy something, it won't work, but if you are at a restaurant or a hotel, it will."

— LETGO FINANCE VP
DAVID WIESENECK

hotel problem so employees [can check in] with a TripActions-branded card with their name on it and feel comfortable that when they check out, all the charges will get paid for by the company," he said. "For me it was, how do we solve the hotel problem so our employees don't have to front the money?"

Before they hit the road, travelers either were mailed a plastic card—a five- to seven-day process, Wieseneck said—or were enabled to use Liquid via their mobile phone's wallet. Letgo allowed access between the day before the traveler's flight to the day after their scheduled return. The plastic card has a spending limit and can be used only for hotel and restaurant expenditures, as well as Uber and Lyft, but not taxis. Letgo participates in Uber's and Lyft's business programs via TripActions, Wieseneck said.

Benefits for Accountants, Not Just Travelers

His travelers were happy with the new option, Wieseneck said, as they didn't have to put down their personal cards. And since travel spending reconciliation processes took less time, there was a bonus for Letgo's accountants.

"Beforehand, my credit card was used for all flights and all hotels, which meant when we get our credit card [statement] at the end of the month, we will have 100 transactions, and my accountants would need to go find receipts," Wieseneck said. "They would call hotels and log into the expense management system to download all these receipts. That would take four to five hours a month, and that's time my accountants were not doing other things." Now, TripActions issues one invoice per month with all virtual card and plastic card payments to Wieseneck, he said.

The new system offered safety benefits too, Wieseneck said. "If my corporate card gets stolen or compromised, then I have to cancel the card number and get a new card number. That means I have to call up anybody that has my card and change it," he said. "If a virtual card gets stolen, it's limited to that one transaction." If a traveler loses a card, "I can get them another one. It only works when they are on their trip, so it's super-safe," he said.

With the card's spending controls based on a trip's start and end dates, Liquid automatically adjusts if travelers call TripActions support to change their flights. The feature also raised awareness of Letgo's travel policies. Typically, travelers learn what's in policy after they file an expense report, Wieseneck said, but now they learn in real time, because the card won't work on out-of-policy purchases.

"If you try to go to Home Depot to buy something, it won't work, but if you are at a restaurant or a hotel, it will," Wieseneck said.

Wieseneck declined to discuss the effect of adding Liquid on Letgo's pricing with TripActions, which is based on the TMC's standard \$25 transaction fee. TripActions Liquid general manager Michael Sindicich in an email said that "we normally charge an annual platform fee for TripActions Liquid, however, given the economic impact of Covid-19 on our customers and partners, we are currently waiving the fee for the first year while still offering a competitive rebate back to the customer."

Letgo's rollout of Liquid has been limited because of Covid-19 travel restrictions. Once lifted, Wieseneck said he will roll it out to more travelers. ■



As Sabre Cuts Costs, Could A Potential Farelogix Deal Block Be A Blessing?

Sabre is cutting \$200 million in costs this year through employee salary cuts, voluntary leave packages and other actions, the company announced last month. In late February, Sabre estimated a first-quarter coronavirus-related revenue hit of at least \$100 million. Like virtually every other publicly traded travel-related company, Sabre has suspended outlook guidance for investors, as the coronavirus crisis worsened.

Sabre's stock has plunged to new lows, hovering at press time around \$6 per share. It was around \$22 in mid-February.

It may be a blessing in disguise for Sabre if U.S. or U.K. regulators block its pending acquisition of Farelogix, a Deutsche Bank analyst suggested in a research note last month.

Equity analyst Ashish Sabadra wrote that the transaction "raises concerns about leverage," and if it didn't go through it "would be potentially construed positively from a leverage perspective."

Sabre last month declined to comment on whether it still was committed to the Farelogix deal or whether it had access to capital to fund the close.

According to the company's annual report, Sabre planned to fund its \$360 million acquisition through cash on hand and borrowing. Sabre or Farelogix could terminate the deal if it doesn't close by April 30.

The U.S. Department of Justice sued to block the deal, and a U.S. judge is deliberating on whether to do so. Meanwhile, the U.K. has provisionally supported blocking the deal. Its final decision is due April 12.

Already, Sabre by year-end 2019 had advanced \$20 million in attorney fees to Farelogix to defend the acquisition in court and before regulators, even before the roughly two-week U.S. trial began in January. Sabre in its 2019 annual report noted it faced "up to an additional \$25 million, either in the form of additional advances or in the form of a termination fee depending on the circumstances."

On March 20, Sabre announced it is temporarily reducing base pay for salaried U.S. employees and "will work with international employees on a country-by-country basis." It is cutting president and CEO Sean Menke's base pay 25 percent and reducing board member compensation. Sabre is offering employees voluntary unpaid time off, severance and early retirement. It is suspending its 401k match.

Sabre also "is reducing third-party contracting, vendor costs and other discretionary spending," according to the company.

Menke said that "significant aspects of our cost structure are variable," as Sabre is "taking steps to help align our other costs with the current demand environment."

For example, a decline in global distribution system booking revenue comes with a "proportional decline"

in incentive expenses paid to agencies. Sabre further expects a \$250 million decline in "semi-variable technology hosting costs" as activity diminishes.

Previously, Sabre suspended quarterly dividends to shareholders and halted its share buyback program.

"As it relates to our liquidity, we drew down our revolver in the amount of \$375 million, which adds to our existing cash balance of \$436 million as of 2019 year-end," according to a March 20 statement from Sabre CFO Doug Barnett.

Sabre's loans have maximum leverage covenants, but they are lightened when a "material travel event disruption" occurs, according to the company. Amid capacity reductions and demand shocks, Sabre suspects the pandemic qualifies, giving it more flexibility.

In a March 20 research note, Sabadra wrote that Sabre's actions "should help alleviate cash flow concerns while the cash on balance sheet along with withdrawing revolver should alleviate liquidity concerns."

Sabadra estimated Sabre's March GDS bookings will decline up to 80 percent year over year. As such, he expects a 35 percent year-over-year decline in GDS bookings in the first quarter, ending March 31, and "conservatively" estimated "potentially a 50 percent decline in bookings" in the second quarter, ending in June.

Meanwhile, according to many airlines, cancellations are exceeding new bookings. While that clearly damages the cash-in/cash-out profile for carriers, this situation challenges global distribution system operators as well.

Sabre recognizes GDS revenue for airline reservations at the time of booking, "net of estimated future cancellations," according to its annual report. Sabre bases these estimated cancellations on historical patterns and revises them when "expected cancellation rates or booking behavior changes," due to, among other exogenous shocks, "epidemics or pandemics."

"Importantly," Sabadra noted last month, "Sabre has to reimburse GDS fees in the case of cancellations (net of small cancellation fees) which is reported as contra-revenue."

As the crisis deepens and cancellations of prior airline bookings grow, Sabre and its brethren must cope not only with plummeting demand for new bookings but also cancellation-related remittance.

This amount is subject to negotiations and varies by carrier, said Strataconnex president Marc Rosenberg, who consults with airlines on GDS contracts. "There is a cancellation fee rebate, if you want to call it that. If the airline was charged a buck, to keep it simple, the GDS could potentially, if the booking was cancelled, credit the airline 60 cents, 70 cents. There is a cancellation rebate, but it's not a full refund. So, the airline is still paying for segments."

In Rosenberg's estimation, the airline is hurt more, as it is paying a portion of a GDS segment fee for a cancelled booking.

To give a sense of the magnitude of cancellations, JetBlue executives in a memo last month noted that a typical day in March 2019 would see it take in \$22 million in new bookings and ancillary sales. "Throughout this March, our sales have fallen sharply and in the last several days we have taken in an average of less than \$4 million per day while also issuing over \$20 million per day of credits to customers for canceled bookings," executives wrote. ■

Equity analyst Ashish Sabadra wrote that the transaction "raises concerns about leverage," and if it didn't go through, it "would be potentially construed positively from a leverage perspective."

The Beat



AHLA to List Hotels Available to Health Responders

The American Hotel and Lodging Association has launched a program to connect hotel properties with the health community looking for temporary housing while working to fight Covid-19. The initiative, dubbed "Hotels for Hope" and announced in partnership with several state associations, already has identified more than 8,500 U.S. properties, AHLA president and CEO Chip Rogers told BTN.

"We started this process and started determining interest [late last month]," according to Rogers. "It came from discussions with the Department of Health and Human Services letting us know that there would be great needs for hotels to be used as either makeshift hospitals or quarantine centers, and could we help them in identifying hotels."

Rogers added that cities, counties and states previously were reaching out individually to hotel owners in their areas to set up such processes. Then, California Gov. Gavin Newsom on March 12 signed an executive order allowing the state to

"If a hotel is next to a hospital and they just need 10 rooms, in many cases those will be free. But if a state wants an entire hotel for 90 days, then they'll negotiate a reasonable price."

—AHLA CEO CHIP ROGERS

commandeer hotels for such purposes.

"Which is not what anyone wants to hear," Rogers said. "There is so much legal wrangling, and you go to a judge to find out to determine what the taking was worth. We felt if we could create a national database of hoteliers volunteering their hotels and then make this available through our partners at the state level who are working with their local governors, it's going to be much easier."

The next step was to come up with an agreed-upon lease that would specify the length of time the local government would need the hotel. "Two weeks? Ninety days? All that makes a difference," Rogers said. "And what type of employees are needed? What type of condition would the hotel be required to be in when it was handed back to the owner? We started putting that together. We're continuing to gather the names of the hotels, distributing them to state associations, and then we are finishing up what is a proposed national lease that can be used by anybody."

Whether hotels will charge for the stays will depend on a number of factors, such as the property or length of stay, Rogers said. "If a hotel is next to a hospital and they just need 10 rooms, in many cases those will be free," he said. "But if a state wants an entire hotel for 90 days, then they'll negotiate a reasonable price."

Several states are participating, with the most activity in New York and high levels of activity in California, Florida, Georgia, New Jersey and Texas, Rogers said. ■

Hotel Cos. Furlough Workers, Close Properties

Faced with decimated demand due to the coronavirus pandemic, several major hotel companies have announced plans to furlough workers, close hotels and enact other measures to limit expenditures.

Hilton Worldwide announced that effective April 4, many of its employees will be on reduced schedules or will be furloughed for up to 90 days. During this time, employees will maintain their health benefits and, subject to local regulations, also will be eligible for unemployment benefits. Those not furloughed will have their pay reduced by up to 20 percent for the duration of the crisis.

President and CEO Christopher Nassetta will forego his salary for the remainder of 2020, according to a statement. The executive committee will take a pay cut of 50 percent for the duration of the crisis.

The company has suspended operations at many hotels in cities across the United States.

To aid relief efforts, Hilton has been do-

nating excess food to local pantries and assisting local and national governments to provide housing for first responders and health care workers. The company's charitable arm, the Hilton Effect Foundation, is investing in grants to support the organizations fighting the spread of infection and aiding communities in need.

Marriott International is furloughing tens of thousands of employees and shutting down some of its managed properties around the world.

"As travel restrictions and social distancing efforts around the world become more widespread, we are experiencing significant drops in demand at properties globally with an uncertain duration," a Marriott spokesperson emailed BTN. "We are adjusting global operations accordingly which has meant either reduction in hours or a temporary leave for many of our associates at our properties. Our associates will keep their health benefits during this difficult period and continue

to be eligible for company-paid free short-term disability that provides income protection should they get sick."

Hyatt Hotels Corp. also confirmed it would furlough or reduce the schedules of many of its U.S. corporate employees amid hotel closures.

"These actions include suspending operations at some hotels, temporary furloughs, as well as pay and work reductions that will impact all Hyatt corporate colleagues across our global regions, across all levels and responsibilities, from April 1 through May 31," confirmed a spokesperson in a statement.

For furloughed employees on a Hyatt healthcare plan, the company is "taking steps to protect and fund benefit coverage, including employee benefit premiums, for up to two months." Furloughed employees also will be eligible for unemployment benefits.

In addition, the company is setting up a global Hyatt Care Fund, initially seeded by senior leadership salary reductions. During April and May, Hyatt president and CEO Mark Hoplamazian and board chairman Tom Pritzker will forego their salaries. Other senior leaders will take a 50 percent pay cut through May. "The proceeds of the fund will be distributed to those colleagues with the most pressing financial needs due to loss of income," according to the spokesperson.

Hyatt and Hilton employees are being given access to more than 500,000 temporary jobs at more than 30 companies, including Amazon, CVS, Albertsons and Walgreens. ■



GBTA Advocacy Spikes in Crisis but Layoffs Unavoidable

On the heels of layoffs at the Association of Corporate Travel Executives, Global Business Travel Association chief operations officer and executive director Scott Solombrino told BTN editorial director Elizabeth West that GBTA, too, has suffered losses. The association has reduced staff by one-third, even as lobbying efforts, research and other industry outreach efforts ramp up during the Covid-19 crisis. The organization's annual convention is still on the calendar for July 25-29, but contingency plans are in place. In the hours after this interview took place, the U.S. Senate approved an unprecedented relief package for the U.S. economy, including the travel industry. President Trump signed the \$2.2 trillion CARES Act into law on March 27.

GBTA RELEASED DATA IN MARCH THAT SHOWED CORPORATE TRAVEL BASICALLY GROUNDED AROUND THE GLOBE. DO YOU HAVE ANY COMMENT ON THOSE FIGURES?

It's so much worse than anyone believed it could ever be. We are all still stunned that this is where we find ourselves. I was on a call with our Europe teams and it is out of control there, with the breakdown in healthcare. When I asked what we're doing about [our lobbying efforts on] bailouts and what do we think that's going to look like, [our people on the ground there told me] Europe is just trying to fund healthcare. They're not even on corporations or jobs yet.

GBTA DID A LOT OF WORK LOBBYING FOR SUPPLIER MEMBERS FOR GOVERNMENT RELIEF. WHAT WAS GBTA'S SUPPORT STRATEGY SINCE ESSENTIALLY ALL YOUR SUPPLIER MEMBERS ARE IN A CRISIS.

With each member vertical that came to us, we got onboard with their lobbying efforts to support what they are lobbying for. Obviously, we made requests when we thought things were unreasonable. We'd say to them, "You can't make a \$500 billion request for one industry. You have to be reasonable so congressional members will take it seriously." We were on board with the airlines' \$50 billion package request, which made a lot of progress. The hotel industry was very aggressive; they are asking for \$150 billion because it's a real estate issue. ... If they all default, we'll have a massive banking crisis on our hands. ... The ground transportation industry asked for \$12 billion. We signed onto that legislative request. The American Society of Travel Advisors also put forward a package, which we endorsed.

ACTE LAID OFF ITS ENTIRE STAFF AND SUSPENDED OPERATIONS. ONLY KEY EXECUTIVES REMAIN TO RUN THE BUSINESS AND PROGRAMMING. HAS GBTA MADE ANY SIMILAR MOVES AND ARE MEMBER BENEFITS IMPACTED?

First, I want to say we feel terrible that any of our industry associations are experiencing pain like this. At GBTA, we are going through a similar problem.



GBTA COO & executive director Scott Solombrino talks...

- Industry advocacy in the Covid-19 crisis
- Staff reductions at GBTA
- Planning for recovery

"It's so much worse than anyone believed it could ever be. We are all still stunned that this is where we find ourselves."

We have laid off essentially one-third of our employees. We made the decision because we wanted to give them the quickest opportunity to get relief and to go through the government processes and get the benefits available. We didn't want them to be delayed in accessing that. We've also gone to a full work-from-home strategy. But the work doesn't stop. Our lobbying efforts don't stop. This is a member benefit for all the companies we are trying to save on the agency side, airlines, hotels, ground transportation—that work has to go on. Same thing with our research. The U.S. Department of Commerce is using our data points to help make the case that travel is an essential industry for the U.S. economy. So we have a very busy time here in research, communication, marketing. We're doing twice as much work, with one-third less staff.

WHAT ABOUT THE CONVENTION SCHEDULED FOR JULY 25-29 IN DENVER, OR OTHER FACE-TO-FACE EVENTS CURRENTLY ON THE CALENDAR?

We have not canceled or postponed our convention in July at this point, but there is a backup plan. We do plan to execute a convention in 2020. We did postpone our event in Mexico. We have postponed our Ladders event to June. We'll postpone our Canada event, but we don't yet have a date. Everything is on a rolling postponement schedule. We don't think we have to cancel [anything], but we are watching the calendar carefully and we have a plan. The government is going to have a lot to say as to when the association businesses can recover—and the meetings business in general. But we serve a purpose to educate people and help further careers. I've gotten so many calls from members saying how important it is for us to hold a convention this year, to provide a place and opportunity for the industry to coalesce.

WHAT ELSE HAVE YOU HEARD FROM BUYERS? HOW ARE THEY FEELING ABOUT THEIR JOBS AND THE FUTURE OF THEIR TRAVEL PROGRAMS?

Buyers are concerned about how their companies will travel when they start to travel again, but I haven't heard of many layoffs. Buyers are in a holding pattern. Corporations don't want to dismantle something that has saved them billions of dollars in procurement and is well-managed. It's like a machine, and when you dismantle a machine, it gets complicated to put it back together. But corporations are definitely going to have to travel. The Harvard Business Review has said people are more productive when they can do business face to face. Our own survey that [GBTA has] run for a decade has said the same thing. People can't give up the human factor. It's not easy to change that kind of behavior.

WHAT HAPPENS UNTIL THEN?

GBTA is going to keep working. We are planning now for what the industry recovery will look like and what role we can play in making the recovery faster, easier and smoother for everyone. That doesn't mean we might not have additional layoffs between now and when that recovery happens, but we [still have] people on the ground in many parts of the world, and we want to respond to our members as they are doing business. We have less people now but hope to be able to call people back when a sense of normalcy returns. But these are hard times, and there may be more difficult times before this is over. ■

MPs Push U.K. Air Bailout

commented: “It’s vital that when our battered and bruised economy emerges from this Covid-19 nightmare that we have an aviation sector that will be in a position to play its part in restoring the jobs and connectivity that the U.K. relies on in so many ways. This means ensuring that airlines, airports, aerospace engineering companies and the travel sector are given the ‘life support’ required to survive this whirlwind in the short term to secure the industry’s long-term future.”

The MPs’ letter has been welcomed by the industry, with Airlines UK chief executive Tim Alderslade and Airport Operators Association CEO Karen Dee releasing a joint statement saying: “Aviation is one of the key enablers of the U.K. economy—without it we cannot trade or visit family and friends or do business—and more than a million people are employed in the sector. Now we are seeing airports start to close their doors and revenue—for both airlines and airports—fall to practically zero. Yet we need a healthy aviation industry to support the U.K.’s recovery from the pandemic.

“We’ve put countless cross-industry ideas on the table to help aviation through this, and the chancellor said in his letter he was open to discussing them, yet no discussion has yet taken place. We are now entering the danger zone, and we urge government to change tack and start to engage on a sector-wide basis before it’s too late.”

Meanwhile, transport secretary Grant Shapps hinted that the government won’t rule out the state taking an ownership stake in U.K. airlines that request help.

The country’s travel industry has been pleading with the government to provide some form of financial support to survive a drop in demand following the outbreak of the coronavirus. Many airlines are operating only a tiny fraction of their usual capacity, including Virgin Atlantic, Ryanair, Easyjet and Norwegian. British Airways owner IAG has culled about 75 percent of capacity across its airlines.

Airline Apocalypse?

According to the International Air Transport Association, the situation for the aviation industry is “apocalypse now,” with CEO Alexandre de Juniac saying “there is a small and shrinking window for governments to provide a lifeline of financial support to prevent a liquidity crisis from shuttering the industry.”

According to IATA’s most recent analysis in March, annual 2020 passenger revenues will fall by US\$252 billion (£215 billion) if travel restrictions across the globe remain in place for three months—a 44 percent decline compared to 2019. This is double the organization’s initial estimate of a \$113 billion revenue hit that was made before more countries started closing their borders.

“Travel restrictions and evaporating demand mean that, aside from cargo, there is almost no passenger business,” de Juniac said. IATA also said around 2.7 million airline jobs are at risk and that each role sup-

ports another 24 in the tourism sector.

“It is now almost inevitable that the airline industry will require some degree of government intervention, so the chancellor’s stance is a big gamble,” said Nick Wyatt, head of travel and tourism at data and analytics firm GlobalData. “Airlines are a key part of a developed economy, driving connectivity that allows a country to compete on the global stage and also employing thousands of people. It is therefore puzzling that Sunak is saying to them that they should seek support elsewhere. If such help is not forthcoming, then it seems the government will act on a case-by-case basis, which may take time—time the industry does not have.

“Other governments are being more proactive, further calling the U.K.’s stance into question. Airlines [featured] in the United States’ \$2 trillion stimulus package and countries that do this will retain a strong airline industry post-Covid-19.”

Wyatt said airlines’ cash-flow issues are “acute” and many are ill-equipped to deal with it. “Airlines are capital-intensive and are burning through cash while very little revenue is coming in,” he said. “While there are certainly question marks over the dividend policies and share buyback schemes of some airlines, the current situation is a recipe for failures, and government intervention is required.”

Airports Struggling

The situation has also hit airports, with London’s Gatwick Airport shutting parts of its terminals and laying off staff and Carlisle Lake District Airport closing down to passenger flights. While many, such as Heathrow Airport, are using the spare runway capacity to encourage airlines to increase their cargo operations, the financial impact still has been severe.

Airport Operators Association’s Dee has accused the government of ‘U-turning’ on earlier proposals to provide a support package for airlines and airports.

“Our industry will now have to fight on its own to protect its workforce and its future,” she said. “With passenger numbers approaching close to zero, U.K. airports have seen a major drop in revenue. They are taking unprecedented steps to safeguard airport staff and operations through this crisis, which could include in some cases considering shutting down for a period of time. This could have major impacts for U.K. communities and businesses.

“Even amidst the crisis, airports are continuing to provide lifeline services to the Highlands & Islands communities and the U.K. Crown Dependencies and freight services to ensure vital supplies, including medical supplies, arrive in the U.K. They are also the base of operations for U.K. Search and Rescue operations, for offshore oil, gas and wind farms that provide vital energy supplies, and they play a critical role in the management of U.K. airspace. All of that is now put at risk by the government’s decision.”

However, the news seemed to be welcomed by Airlines UK, the industry body representing carriers. Alderslade said: “We welcome the announcement that government will enter into negotiations with individual airlines seeking additional bespoke support, recognizing the fundamental importance of the aviation sector to the U.K. economy and the particular challenges faced by airlines in the face of travel restrictions that have all but eliminated airline revenue, but not airline costs, which are substantial and not solely restricted to wages.” ■

“It is now almost inevitable that the airline industry will require some degree of government intervention, so the chancellor’s stance is a big gamble.”

—GLOBALDATA HEAD OF TRAVEL AND TOURISM NICK WYATT



CONTINUED FROM FRONT PAGE

Industry Praises \$2.2 Trillion CARES Act Provisions, Some Say More Needed

President Trump signed the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, into law on March 27. A handful of industry leaders praised the deal, which offers suppliers direct grants and access to loans to help counter the ruinous coronavirus pandemic. Some said, however, they are already working with Congress on additional aid measures.

The CARES bill carves out \$50 billion for airlines, split into two types of funding. Half is loans, and the other half is direct grants that come with stipulations, including that airlines maintain some level of service and not involuntarily furlough employees or cut benefits through Sept. 30.

In a video message to employees, American Airlines chairman and CEO Doug Parker—who said American would be eligible for about \$12 billion in funding from the legislation—called it “exceptional bipartisan legislation.”

“We are confident those funds, along with our relatively high available cash position, will allow us to ride through even the worst of potential future scenarios,” Parker said.

Delta Air Lines president and CEO Ed Bastian in a statement said, “The aid provided in this government assistance package will go to directly support airline workers who will in turn help reignite the U.S. economy.”

In a video interview posted on Southwest Airlines’ website, CEO Gary Kelly called the stimulus “another option” available to maintain its employment levels amid the crisis as it seeks to raise capital in private markets. He said that Southwest is currently losing “big money” on every flight it operates with load factors hitting historic lows.

“We don’t want to furlough anyone, and we don’t have plans to furlough anyone,” Kelly said. “The government grant program could prove something to give us a lot more confidence to follow through with that.”

The stipulations go beyond the service and employment guarantee, however. One drawing a lot of industry chatter is a potential government equity stake in carriers that opt in, which Cowen analyst Helene Becker in a research note said would “[force] the airlines to pay to play, so to speak.”

ICF VP and aviation group leader Samuel Engel said that, from his understanding, such transactions “would be negotiated case by case, and any government stake would be nonvoting, so potential government influence would be subtle.”

The \$50 billion airline package is part of the \$500 billion “severely distressed business” fund intended for large corporations. The larger fund, the remainder of which is not earmarked for particular businesses or industry sectors, was the subject of scrutiny that held up

Snapshot of U.S. Travel Industry Distress

GBTA RECORDS CORPORATE DEMAND DROPOFF

- 96% of 1,155 travel professionals said their companies had suspended “all” or “most” international business travel
- 85% have stopped “all” or “most” domestic business travel

OAG AIRLINE STATS

- U.S. airlines cut 4.4 million seats in the week ending March 29
- 3.5 million of those seats were for domestic travel
- Seat reductions for American Airlines and Southwest Airlines were not counted in those numbers and are predicted to reduce seats by another 3.5 million during the week ending April 5.

STR HOTEL STATS

- Revised forecast predicts 2020 U.S. hotel industry occupancy to land at 37.2%
- Total room supply will drop more than 14% due to hotel closures
- Revenue per available room will plummet more than 50% to \$43

GROUND TRANSPORTATION

- World’s largest chauffeured transportation company Empire-CLS laid off 95% of its employees after a 95% demand drop.
- Lyft established a partnership with Amazon to transition out-of-work drivers to warehouse and delivery positions at the online retailer.

the passage of the bill in the Senate. Legislators tussled over embedding more worker protections in the terms of accepting these monies; they also established an inspector general role to ensure transparency into how and to which companies these funds will be disbursed. Transparency remains a friction point, however, with Trump immediately indicating upon signing the bill that he won’t be bound by congressional guardrails.

Expanded Access for Small Business

Neither the amount of aid for other business travel industries, including hotel companies and ground transportation suppliers, nor the forms it would take are laid out clearly in the 880-page legislation. But some industry leaders praised what they said was the federal commitment to what is considered the small-business sector of the travel industry, which will have access to the \$349 billion in Small Business Administration funds provided in the bill.

“The bill expanded what is considered a small business, particularly for hotel owners. It originally stated that SBA lending could only go to companies that had 500 employees or less,” American Hotel & Lodging Association president and CEO Chip Rogers told BTN. “In our industry, you might have a single company that owns multiple hotels and they have more than 500 employees; therefore, those employees and hotels would have been out of luck. We got [legislators] to change the definition to treat every hotel as an individual business unit, so as long as an individual hotel doesn’t have more than 500 employees, that hotel could qualify for lending up to \$10 million.”

He added, “If the funds are used for payroll and for interest on debt for rent or utilities, then those funds would be forgiven. In that case, the money acts more as a grant than a loan.”

The SBA’s \$349 billion fund is a massive increase to the agency’s capacity, whose historic dispensation topped out at \$29 billion after the 2008 financial crisis. It also represents a massive increase over the course of the legislative process; the bill originally allowed for \$50 billion in SBA funds but escalated quickly in Senate negotiations, which also loosened restrictions on what could be considered a small business.

That’s good news for the travel industry, because it’s not just individual hotels that will tap into those monies. SBA funds will be the primary aid source for travel agencies and ground transportation providers too.

Travel Leaders Network president Roger Block underscored the fragility of the agency community in the crisis and the likelihood of mass layoffs without immediate and uncomplicated government support. “We need to get the money into the marketplace fast,” he said. “If it’s not interest-free loans ... or outright grants, our fear is that a number of small business people will give up, fire their staff and their wealth will get wiped out in a matter of months.”

Some corporate agencies already have let employees go. Christopherson Business Travel has furloughed half its 270 staff, according to The Company Dime. Even unicorn startup TripActions dropped 296 employees from its roster, across customer support, recruitment and sales. Smaller tech-oriented agency startups like Lola also have handed out pink slips.

For larger corporate travel agencies, the CARES legislation makes a provision for “ticket agents” as part of the \$50 billion airline package. Underneath that provi-

sion, larger agencies could apply to the U.S. Treasury Secretary for loans, loan guarantees and other investments, with the same stipulations that apply to the airlines. For most agencies, that means no layoffs through September and limits on executive pay increases.

“They’re going to do kind of a flip of the switch here: We’ll give you different loan guarantees, which is an incentive [for large TMCs] not to lay off 10,000 people,” said Global Business Travel Association COO and executive director Scott Solombrino, whose organization threw its weight behind the American Society of Travel Advisors’ lobbying efforts. “If that’s the case, maybe it’s cheaper to get the subsidy from the government versus laying them off and then bringing them back at a later date and trying to get the business running again.”

“The fact that travel agencies are included in the airline assistance portion of the bill is a huge win and means that Congress heeded our call to include our members in any targeted travel industry relief,” ASTA president and CEO Zane Kerby said in a statement.

What’s Next?

Both ASTA and the U.S. Travel Association praised the loan provisions for small businesses, including independent contractors and the self-employed. According to USTA, the loans would be “made available quickly through community banks” and recipients could “receive tax-free forgiveness on a portion of the loan, equal to eight weeks of payroll and other expenses.” The organization is pushing the government for

Many in the industry, including AHLA and USTA, are concerned the current aid package won’t be enough to keep the industry going.

no more than a 10-day rulemaking process so funds can be expedited to the people who need them.

Speaking to BTN prior to the bill being signed into law, private SBA loan issuer Fountainhead CEO Chris Hurn said the rulemaking effort would be key to the success of the overall SBA program included in the CARES bill.

“As soon as a bill passes, there will be tremendous push to put in the rules and regulations because some of these businesses won’t make it to mid-April,” he said.

Furthermore, many in the industry, including AHLA and USTA, are concerned the current aid package won’t be enough to keep the industry going. They continue to work with Congress on additional aid measures, particularly to address the amount limits for SBA loans and the formulas with which those loans are calculated, which originally estimated business disruption at four to eight weeks.

“We’re not sure how long this is going to last, so we’re working on two areas: the length of coverage for paying employees and then the limits on the loans,” said AHLA’s Rogers. “We’ve already begun laying out our concerns for the next go around, but I don’t want to sound ungrateful. I’m very happy with a large part of what is in here.”

USTA president and CEO Roger Dow added, “While the CARES Act represents tremendous progress toward keeping our economy functioning at this challenging and unprecedented moment, it is clear that more will need to be done.”

—Donna M. Airoidi, Michael B. Baker and Chris Davis contributed to this report.

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Covid-19 and Corporate Travel: Taking Action for What Comes Next

BY CARA WHITEHILL

By now most companies are settling in for this unprecedented new reality in the corporate travel world, having made arrangements to get traveling employees safely home and suspended nearly all business travel for the foreseeable future.

What comes next is anyone's guess, but in speaking with numerous travel managers over the past week, we've heard some common themes:

Safety First. It is imperative that companies can account for all employees' travel activity in order to assess potential Covid-19 exposure risk, for the employee as well as family and colleagues that employee may have contact with.

This means tracing both business trips and personal trips to high-risk areas. A recent vacation to Italy or China, for example, could have resulted in virus exposure that your employee brings back to the office upon return. While this level of detail may cause some heartburn for company data privacy teams tasked with protecting employees' personal privacy, enlisting the help of your risk management and HR teams to determine the best way to approach this conversation is highly recommended.

Reporting. Work with your travel management company, expense management, and other reporting partners to build a true picture of your company's recent travel activity, as well as what was previously scheduled (and likely now canceled), including both on-channel and off-channel booking activity.

You will need this data handy and regularly updated to help you manage this rapidly changing environment, including:

- Tracing employees' past travel to high-risk areas (as noted above)
- Ensuring proper pre-trip approvals and risk authorizations have been secured for future essential trips
- Tracking potential refunds, fee waivers, and credit balances for trips that were cancelled
- Assisting employees who are in-trip but may be subject to travel disruptions as countries close borders and airlines suspend service.



Cara Whitehill is chief commercial officer for Traxo, which provides data aggregation and itinerary intelligence solutions for the corporate travel sector. Previously, she led business development and product management teams for Deem, Expedia, and Travelocity.

Taking a moment to reach out and show support in whatever form available to you can go a long way to making someone's day just a touch less stressful.

Many companies do this already, but most handle this on a somewhat ad-hoc basis. Developing a repeatable process around aggregating and reconciling this data will save considerable time and headaches, and enable much faster responses to fluid situations.

Contingency Planning. It's impossible to predict when the Covid-19 danger will pass, or what the new normal will look like afterward. One thing is certain: business travel will come back. The global economy depends on it. While there is a lull in active business travel, you can use this time to plan for its return:

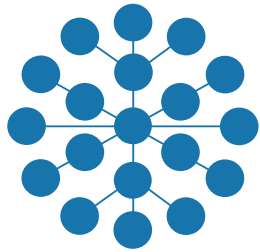
- *Update budgets.* Things may look quite a bit different once the dust settles, so take time to work with your executive and finance teams to understand the scope of budget available for travel over what time period.
- *Prioritize type(s) of business travel to open first.* Most companies will likely take a phased approach to restarting their engines; giving this some advanced thought and communicating your plans across the company will help ensure teams are aligned.
- *Re-evaluate your travel risk management strategies.* What worked, and what didn't? Where did you find gaps in data or coverage that delayed action? How would you rate your communication strategy across the company?
- *Policy and program updates.* How did your company's travel program perform during the crisis? Enlisting all your stakeholders, from executive team to risk and finance to vendor partners and employees—including both road warriors and infrequent travelers—is critical here to determine whether enhancements should be considered for policy, tools or other program management resources.

In addition to the steps above, there's the most important action: empathy. Travel suppliers, agencies and the service providers who support corporate travel managers and the programs and travelers they manage are experiencing a catastrophic and unprecedented meltdown of their business in a shockingly short time. Taking a moment to reach out and show support in whatever form available to you can go a long way to making someone's day just a touch less stressful.

Business travel will be back, hopefully much sooner than later. During this time when we may be feeling a bit powerless, using this downtime to plan for what it could and should look like when it returns is both empowering and pragmatic. ■

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- Lee Courtney, President and Chief Operating Officer, DLC Strategic Solutions



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- Mat Domaradzki, Travel Manager, ConsenSys



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- John Packel, Head of Product, Smart Hotel Rate

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