

BTN

BUSINESS TRAVEL NEWS



MANAGEMENT

Conlin Travel CEO Chris Conlin is pursuing acquisitions despite Covid-19, though the pandemic has changed the agency's strategy in other ways.

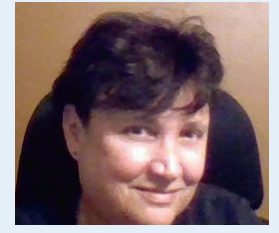
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MEETINGS

In-person meetings may be on the shelf for now but Hyatt Hotels is preparing for hybrid events to return, says SVP of events Steve Enselein.

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VOICES

The business travel industry should take this opportunity to drive new solutions and innovation, argues DigiTravel's Susan Lichtenstein.

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TOP STORY



BY MICHAEL B. BAKER & JAY BOEHMER

Change-Fee Windfall?

INDUSTRY WEIGHS IMPLICATIONS OF CARRIERS' FEE STRATEGY

The elimination by the three largest U.S. carriers of change fees on domestic routes sets the stage for a more dynamic business travel booking environment whenever such travel fully returns, with travelers able to rebook flights without incurring that expense. But the new policies largely don't extend to long-haul international itineraries, refundable tickets or void-window opportunities, leaving some uncertainty about their long-term implications.

United Airlines on Aug. 30 first announced its move to eliminate change fees, matched the next day by American Airlines and Delta Air Lines, and a day later by Alaska Airlines. There are differences among the carriers in the details of their policies, but they all require passengers only to pay the fare differential when changing tickets on flights with the United States.

In a video message, United CEO Scott Kirby said the move is indicative of how United will

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SAP Concur Preparing to Launch Duty-of-Care Partner Network

THE COMPANY WILL SUNSET CONCUR LOCATE AND RISK MONITORING BY SEPT. 1, 2021.

BY ELIZABETH WEST

SAP Concur has been on the trail of a more robust duty-of-care product since it launched Concur Locate and Risk Monitoring in 2018 and hooked in the health and crisis response capabilities of Healix International as an exclusive on-the-ground partner. This month, the travel and expense technology provider announced that it will sunset that product by September 2021 in favor of a new duty-of-care strategy that includes an enhanced application programming interface and multiple on-the-ground partners via the SAP Concur App Center.

Launch partners currently are writing to the new Concur API and getting certified; companies expect to be ready to migrate customers to the new solutions in the first

quarter of 2021, according to SAP Concur chief product strategy officer Mike Koetting. Duty-of-care partners currently include Healix International, International SOS, higher education specialist Terra Dotta and WorldAware (formerly iJet). Unlike the Concur Locate and Risk Monitoring solution, which was offered to customers through their Concur relationship, the new configuration will push corporates to direct relationships with their chosen duty-of-care providers. Commercial agreements between a given duty-of-care company and SAP Concur are separate.

The enhanced API will deliver a rich data set to all participating

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Most Business Travelers Seek Mask Mandate

Share of travelers who will not travel unless a face mask requirement is in place

Face mask requirements for:	
Airports	64%
Airlines	64%
Hotel staff	64%
Rental car staff	61%

Source: Travelport July 2020 survey of 5,000 respondents in Australia, Great Britain, India, New Zealand and the United States who traveled at least once in 2019

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Amadeus Inks Air France-KLM To NDC Deal, Eyes Seamlessness, Scale And Surcharges

BY JAY BOEHMER

Amadeus and Air France-KLM have reached a commercial arrangement to bring the carrier group's New Distribution Capability-piped content to the global distribution system operator's subscribers, with plans of "rolling out toward scale" by mid-2021, said Amadeus executive vice president of Travel Channels Angel Gallego.

The two parties now are embarking on the final phases of development and the completion of technical work, he said. They also are reaching out to travel agencies, which will need to reach new bilateral deals with Air France-KLM as well as Amadeus to access NDC content through the GDS.

The deal will include a surcharge on NDC bookings.

In 2018, Amadeus and Air France-KLM plotted a joint NDC course and reached a "private channel" arrangement, which shielded select travel agencies from Air France-KLM's €11 per-way GDS surcharge, enacted that year. That surcharge now is €13.

For NDC transactions processed through Amadeus, Air France-KLM "will add a surcharge of a few euros to bookings," according to an Amadeus spokesperson, who did not specify the amount. The spokesperson added: "The surcharge could differ according to the agreements, point of sale and number of segments."

Regarding the new NDC deals agencies must reach: "There are similarities between these bilateral agreements and the former private channel agreements. In both cases, the framework is very similar," said Amadeus EVP and head of airlines distribution and global sales Javier Laforgue. "There's a requirement for a bilateral agreement between the airline and the travel agency and the travel agency and us" to access Air France-KLM's NDC content through Amadeus.

Laforgue said the option will "be available for all subscribers, so long as they have in place this bilateral agreement for Air France-KLM."

Agency incentive discussions likely would be part of Amadeus' dealmaking with agencies, said Gallego. "As is the case today, we don't have a blanket incentive to everyone. It is a one-to-one deal," he said, adding that Amadeus will "find ways where the agencies feel that it is good for them to take up this

"We're not going to waive the [Amadeus NDC] surcharge for anybody. The surcharge is there to cover our costs. That's very clear."

—AIR FRANCE-KLM'S
EMMANUELLE GAILLAND

The Beat

content via Amadeus."

Air France-KLM indicated it plans to push additional content through its NDC connection, which "allows Air France-KLM customers to benefit from more attractive and customized offers, such as continuous pricing and tailor-made bundles," according to a statement from Air France-KLM chief revenue officer Pieter Bootsma.

Amadeus already has built out "basic functionalities" through its NDC connection with Air France-KLM to enable shopping and booking, said Gallego.

"The prime booking flow of shop, order, pay has already been integrated, meaning pilot travel agents will be able to book via NDC through the platform in Q4 this year," according to Amadeus. "The full integration with servicing capabilities is expected to complete in the first half of 2021."

Once complete, Amadeus will make Air France-KLM's NDC content available through its Travel API web services offering, its Selling Platform Connect agent desktop and the Cytric Travel & Expense corporate booking tool.

Gallego said content will "be integrated seamlessly" in point-of-sale displays and "in the PNR information that can then be cascaded into downstream processes for travel agencies in their mid-office or credit card processes." It will include the ability to handle refunds and exchanges and other servicing elements that have been an NDC sticking point for agents.

Air France-KLM Stresses 'Control'

Air France-KLM vice president of distribution Emmanuelle Gailland emphasized airline control in the deal's structure, both over the content it delivers and to which agencies it distributes. She called the carrier-imposed surcharge for NDC bookings "the logical consequence of the business model of Amadeus. Amadeus wants to be paid by the airlines to distribute content, be it NDC or [classic GDS]. The business model is far different for other NDC aggregators we work with, and, as airlines, we don't pay for it. The surcharge we'll have with Amadeus is just a consequence of a business model Amadeus wants to have and to keep."

Non-GDS aggregators like Travelfusion with which Air France-KLM works do not charge airlines to distribute through their pipes, but they typically charge agencies a booking fee. Asked if Air France-KLM would waive its NDC surcharge for some Amadeus agencies, Gailland stood firm: "We're not going to waive the [Amadeus NDC] surcharge for anybody. The surcharge is there to cover our costs. That's very clear."

Gailland declined comment on a potential deal with Travelport beyond saying, "We are discussing." But she characterized talks with Sabre as idle. She added: "We'll use Amadeus as an NDC aggregator. I don't know about the others. That will depend on our discussions." ■



Covid-19 and Business Travel: A Legal Perspective

Jim Swartz is a partner of law firm Seyfarth Shaw LLC, based in Atlanta. He spoke with BTN editorial director Elizabeth West about the challenges companies have in returning to business travel, liability concerns and practicalities.

WHAT IS YOUR TRAVEL SCHEDULE NORMALLY LIKE?

I handle cases all over the country. I typically am on a plane two to three times a month for trips of different duration. The last business trip I took was in February.

SINCE THEN, GETTING BACK ON THE ROAD HAS BEEN A DELICATE PROCESS, IN PART BECAUSE COMPANIES ARE CONCERNED ABOUT POTENTIAL LIABILITY FOR COVID-19 CASES. IS IT MORE COMPLICATED THAN THAT?

So let's start with ... workplace safety concerns. There are two sides to that equation: First, is it safe to send an employee someplace to work? Employers are going to have to be prepared to respond to concerns that employees raise about going to an area that's experiencing a major outbreak of Covid-19. Employees, at least in theory, could file a [U.S.] Occupational Safety and Health Administration complaint about being required to do that sort of thing. Alongside that, employees may be in a particularly precarious medical situation that ordinarily wouldn't be an issue [for travel] but could be now. But [if] employers are telling them, "Hey, you have to go to X location," and there happens to be an outbreak there, the employee may say, "Well, I have an existing disability and I need an accommodation."

ARE YOU SAYING THAT MEDICAL CONDITIONS THAT MAY NOT HAVE BEEN VIEWED AS A DISABILITY IN THE PAST MAY NOW BECOME A LEGITIMATE DISABILITY THAT REQUIRES ACCOMMODATION?

Exactly. Something that might not have been considered a disability under the Americans with Disability Act now, under the circumstances, might look different. So for that structure, it would become an issue for business travel. Then on the other side of the equation, employers need to think about what to do when an employee returns from a Covid hotspot. Are employers allowed to make an employee quarantine? Can they just consider other, sort of, hygiene measures?

THIS SOUNDS LIKE DISCRIMINATION, BUT CAN EMPLOYERS PREVENT CERTAIN GROUPS OF PEOPLE FROM GOING ON BUSINESS TRIPS?

Well, right. That could flow out of a relatively well-meaning concept by an employer. What if the employer decides, "Well, wait a minute. I've read in all these travel guidances from the Centers for Disease Control and Prevention and other authorities that older people are particularly vulnerable to that effect if they contract Covid." Even so, the employer can't say as a blanket matter, "We're not going to let our older workers do this business travel." The Equal Employment Opportunity Commission has pretty clearly said you cannot simply lay off older workers or deny them opportunity or take



Seyfarth Shaw's Jim Swartz talks:

- ADA implications of resuming business travel
- The notion of travel as an essential business function
- Reluctant and eager employee travelers

"The employer can't say as a blanket matter, 'We're not going to let our older workers do this business travel.' The EEOC has pretty clearly said you cannot ... deny them opportunity or take any adverse action."

any adverse action. Maybe even adverse action saying, "Hey, you can't go visit these important clients."

WHAT IF AN EMPLOYEE SAYS, "I CAN'T TRAVEL. IT'S NOT EVEN MYSELF, BUT I HAVE AN OLDER PARENT WHO LIVES WITH ME." DOES THAT LIMIT SOMEONE'S ABILITY TO DO THEIR JOB OR ACCESS OPPORTUNITIES IN THE ORGANIZATION? DOES THAT BECOME AN ISSUE FROM A HUMAN RESOURCES OR EMPLOYMENT PERSPECTIVE?

It certainly could. And that has close ties with the issue of [whether] the employer is going to require employees to take a leave or use paid time off when they are either afraid to come to work, for legitimate or not legitimate reasons. So employers need to take those things into consideration. Before we got into the Covid era, a lot of these issues turned on what was really an essential function of the job. When we're talking about things like disability accommodations, that's one of the major things you look at.

TO THAT POINT, DO YOU THINK IT MAY GET HARDER TO SAY THAT TRAVEL IS AN ESSENTIAL FUNCTION OF A JOB?

One of the areas where I do a bit of work is oil and gas. For example, oil and gas pipeline inspectors travel as an essential function of their job. But for a sales executive, is travel still the essential function that it used to be? Historically, and my dad is in sales and he would tell you, "Oh, you can't do anything without looking at a person in their eyes and shaking their hand." But we've kind of been operating for the last four or five months now through videoconferencing and things like that. So the notions about what's really an essential function are changing.

WHAT ABOUT WHEN AN EMPLOYEE WANTS TO TRAVEL AND THE COMPANY AGREES TO ALLOW IT? THE COMPANY ALSO HOLDS A RESPONSIBILITY TO THE EMPLOYEE'S WELL-BEING. DO YOU GET INVOLVED IN DEFINING THAT KIND OF THRESHOLD?

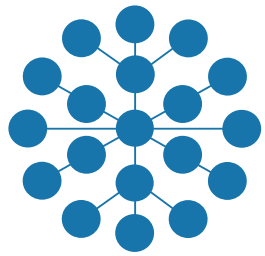
That's something we've been thinking about as we've been looking at the data and tracking these new cases that have been filed. A lot of the cases are ... sort of creative pleadings, because there's no real road map to this stuff. So a lot of them do sound [like they would fall] into that negligence bucket that you just described. What is the duty of care here? What is the standard?

WHAT ARE YOUR CLIENTS DOING?

A lot of employers, both for legal reasons and very practical reasons, are working internally with their risk management groups. They're working with their internal lawyers and external lawyers to develop communications with people who are creating those sort of travel requirements. And they're putting together, for example, a communication that says, "Okay, so you're traveling. What kind of personal protective equipment do you need to do that?"

They're looking at what the different ways are you could travel. Maybe [the traveler] needs to go from Atlanta to Charlotte, and typically they would fly, but why won't they just drive? And so employers are doing exactly those things. They're saying, "Depending on where you go, here are the risks you might encounter. Here are the different ways to mitigate that." The employer will put together—let's call it a "travel pack"—where they have the face mask and some other amenities that the traveler might need. Those things are in play and employers are definitely doing those things. ■

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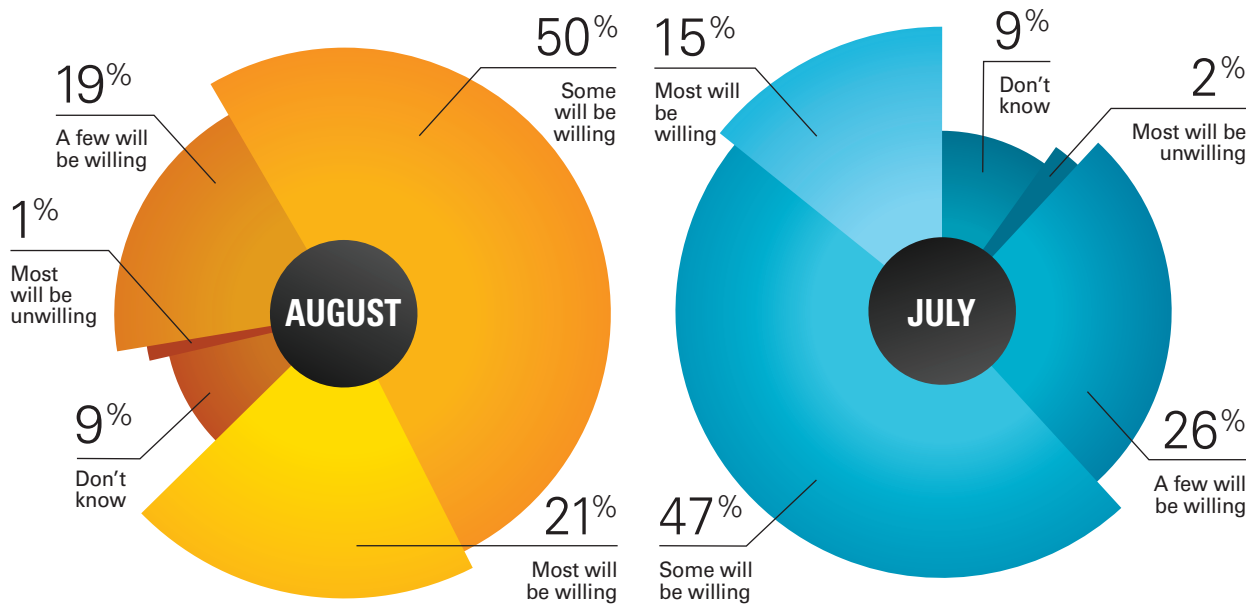


Are Business Travelers Ready to Come Back?

The Covid-19 pandemic slogs on, especially in the U.S., but there appears to be a relative uptick in some leisure travel. Could business travelers also be ready to hit the road, and what will help persuade them to do so? Recent surveys and booking data show there hasn't yet been much demand for flights or meetings, and travelers generally want to see mask mandates throughout their journeys, but once they do fly, many fears are allayed.

BUYERS' OPTIMISM ABOUT EMPLOYEES' WILLINGNESS TO TRAVEL INCREASES

Willingness to travel six months after restrictions are lifted



Source: Global Business Travel Association Aug. 5-8 and July 7-13 online global surveys of 365 and 704 member travel buyers and procurement professionals, respectively

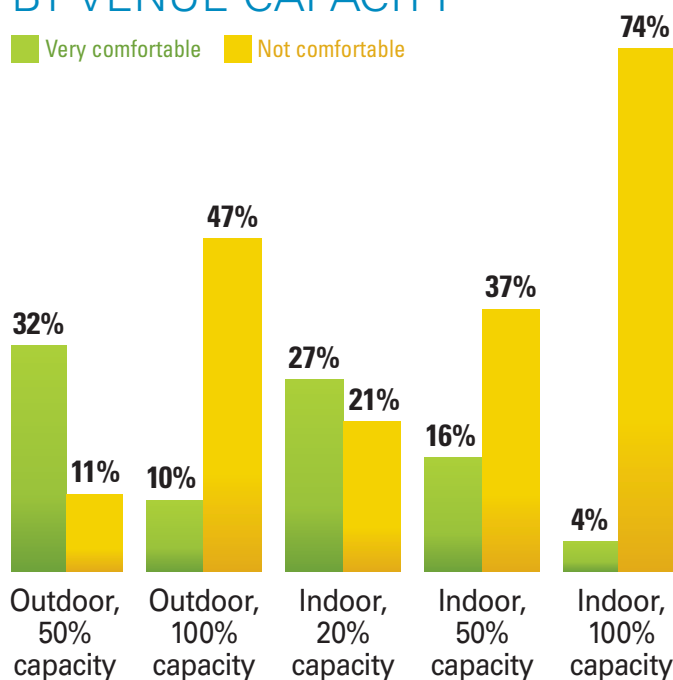
50%

PEOPLE WHO HAVE FLOWN SINCE MAY WHO NOW FEEL SAFE AND WILL FLY AGAIN WITHOUT CONCERN. ABOUT 11 PERCENT OF THOSE WHO HAVE NOT FLOWN FEEL THAT WAY.

Source: PricewaterhouseCoopers July 2020 survey of 113 travelers who have flown since May

CURRENT COMFORT WITH EVENT ATTENDANCE BY VENUE CAPACITY

Very comfortable Not comfortable



Source: Event Leadership Institute July 7-31 survey of 764 event and meeting planners, agencies and other industry vendors and suppliers

MOST BUSINESS TRAVELERS SEEK MASK MANDATE

Share of travelers who will not travel unless a face mask requirement is in place

Face mask requirements for:	
Airports	64%
Airlines	64%
Hotel staff	64%
Rental car staff	61%

Source: Travelport July 2020 survey of 5,000 respondents in Australia, Great Britain, India, New Zealand and the United States who traveled at least once in 2019

ARC: RECOVERY IN AIR TICKETS SOLD BY U.S. CORP. AGENCIES LAGS OTAS

7-Day Period Ending	Agency type, YOY change		
	Corporate	Online	Leisure/Other
August 16	-89.3%	-64.2%	-77.9%
August 23	-88.9%	-63.1%	-77.3%
August 30	-87.9%	-57.8%	-76.6%
September 6	-87.7%	-55.6%	-72.7%
Year to Date	-65.59%	-54.11%	-59.50%

Source: ARC

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Regional Agency Conlin Travel Pushes Ahead with M&A Amid Pandemic

Midsize regional travel agency Conlin Travel, which in 2019 had total sales of \$180.2 million, 88 percent of which was generated by business travel, last month acquired a pair of small leisure-focused Michigan agencies. Conlin CEO Chris Conlin last month spoke with BTN managing editor Chris Davis about the ways Covid-19 has altered the Ann Arbor, Mich.-based agency's strategy, both in terms of its mix of business and leisure travel as well as further acquisition plans. An edited transcript follows.

GIVEN EVERYTHING THAT'S GONE ON IN 2020, IT'S INTERESTING TO SEE A TRAVEL COMPANY YOUR SIZE AS AN ACQUIRER. WHAT'S YOUR STRATEGY?

We've been around for quite some time, since the 1950s. It's a family business, I've been in it all my life, and I bought my father out 20 years ago. So I know a lot of travel agencies. We're a part of Signature on the leisure side, and part of BCD on the corporate side. So we run into the same people in a lot of different settings. And as these times have hit, I've reached out to some agencies, and they've reached out to me looking for different opportunities. I kind of put the sellers into three areas. There are owners that want to sell but want to stay on, to be relevant and help grow the business they're selling. Then there are owners who want an exit plan within six months or a year and just want to do a nice transition. And then the third are owners that basically want to give you the keys to the car and say, I'm out of here. A lot of it depends on the age of the owners or their risk tolerance.

HOW DO YOU SEE THE COVID-19 TRAJECTORY IN TERMS OF GETTING BACK TO BUSINESS?

It's kind of interesting how things have changed. I mean, we all expected this to be two months. That's what the [U.S. federal Paycheck Protection Program] started out at; it's an eight-week program. The government thought we were going to rebound. Airlines were saying at least we'll be back to 80 percent by the end of the year. All of that is proven not to be the case. So it's almost like the reality is set in, and we have to look at the industry and our agencies as almost startups to a certain extent. But one really great thing is that we have terrific customers that are waiting to travel again, and they are going to come back. Not at the rate we had hoped. We have all kind of bottomed out at this point in time, and I think it's going to be a slow growth. Then we hit a vaccine, and there'll be a bit of a bump. I don't think it's going to be huge. And then we will grow slowly again.

CONVENTIONAL WISDOM AT THIS POINT SAYS LEISURE TRAVEL WILL LEAD ANY COMEBACK. DO YOU AGREE WITH THAT, AND DOES IT CHANGE YOUR STRATEGY AT ALL?



Conlin Travel's Chris Conlin talks:

- Acquisition strategy in difficult times
- Why a leisure rebound is critical for a business travel comeback
- The viability of the transaction-fee model

"We're conducting RFPs via Zoom, which is an awkward way to do it. And I'm glad it's awkward, because that only demonstrates that people need to get back on airplanes and meet face to face."

Yes, it does. I do agree with that. First of all, all business travelers are leisure travelers. We need those business travelers to take their first leisure trip to really experience what the airports and airlines are like right now. I'm hoping that is a positive experience; I've traveled myself, and it's a terrific time to travel, I think. To answer your question, it is changing us a little bit. The two acquisitions were both predominantly leisure travel agencies. We've always had a very viable leisure business here, but corporate has been larger for sure and growing faster. But there's no question that there is more stickiness with leisure travel.

YOU MENTIONED THOSE DEALS WERE BORNE OF KNOWING THOSE FOLKS AND THEIR SITUATIONS, BUT IS THERE A DELIBERATE ATTEMPT ON YOUR PART TO DIVERSIFY YOUR BUSINESS-LEISURE MIX?

Yes, it definitely is. I would like to have more leisure business, absolutely. We have a strong backbone for it. And the Signature Network is just fabulous. The machine has been built; we just need to feed more product and more customers into this machine that we built. Would I say I have a newfound love affair with leisure travel? To a certain extent, yes. I'm not giving up on business travel. I love and I'm very passionate about business travel, but a situation like this exposes you. And as you pointed out earlier, leisure is and will be leading the comeback.

WHAT DO YOU THINK ABOUT SOME OF THE DISCUSSION OF THE VIABILITY OF THE TRANSACTION-FEE MODEL, AND SOME EFFORTS TO CHARGE CLIENTS BASED ON DIFFERENT MODELS?

I don't have any philosophical objections to [management-fee models] at all, but it is a tough time to introduce that to a client when they are booking 50 percent or even maybe just 25 percent of what they used to and approach them with a model as if they were booking 100 percent. We all look at, what are we making on a transaction basis for a corporate account? Tally it up. Would that be the estimate of what we would charge on a monthly basis? Maybe. I think that would be a starting point as you work your formula out, but that would be a tough thing to introduce right now when business is down so far. ... I love the model. It's just going to take a long time and I think better times for us to implement that.

SPEAKING OF CLIENTS, IS CORPORATE CLIENT ACQUISITION SOMETHING THAT'S STILL GOING ON? ARE YOU STILL SEEING REQUESTS FOR PROPOSALS?

Yes. We have been closing deals every month. We are doing implementations right now. So, yes. There's still activity out there. We're conducting RFPs via Zoom, which is an awkward way to do it. And I'm glad it's awkward, because that only demonstrates that people need to get back on airplanes and meet face to face.

WE'VE BEEN TALKING ABOUT YOUR STRATEGY IN ACQUIRING THESE TWO AGENCIES. WHAT ABOUT THE OTHER DIRECTION? IS THERE ANY POSSIBILITY THAT YOU COULD BE ON THE OTHER END OF ONE OF THESE DEALS?

Yes. There's always that possibility, but I have a decade left in me, and even in these tougher times, I enjoy the business immensely. I have fielded calls in the past. Nothing's ever off the table, but that's not something that I'm very interested in right now. ■

Fox World Travel First to Adopt ‘Traxo for TMCs’

BY CHRIS DAVIS & ELIZABETH WEST

Fox World Travel has become the first travel management company to adopt travel data aggregator Traxo’s tool for capturing off-channel booking data, the companies announced this month. Fox has made Traxo’s service available to clients, effective immediately.

The move will allow Fox clients access to travel spending data for itineraries booked outside the TMC, according to the companies. Traxo interfaces with corporate mail servers to identify email travel confirmations, then collates included data without requiring the traveler to forward the email.

Traxo founder and CEO Andres Fabris told BTN that other TMCs had used Traxo’s email parsing engine in the past to draw itinerary details from emails forwarded by travelers. “Functionally that works great if [the email] arrives,” he said. “The issue is around adoption. Our numbers show less than 20 percent will take the extra step.”

Fox is the first TMC to use Traxo’s new “Traxo for TMCs” offering, and according to Fabris, the technology company has several more agreements in the pipeline, including a large TMC.

“The cost of having a data gap is unacceptably high. Companies can’t afford not to know where their travelers are,” said Fabris about the Covid-era business travel environment. As a result, he said, more TMCs are acknowledging that off-channel bookings are inevitable, and with heightened duty-of-care demands from clients, they are looking for solutions. “TMCs like the filter,” he added. “They like it better because it takes a measurement of activity without implying that booking off-channel is OK.”

Corporates have hesitated in the past to engage off-channel data capture for the same reasons: Implementing an alternative process that included any traveler involvement could give an impression that booking off channel is acceptable. With capture happening behind the scenes in the Traxo solution, Fabris said process should no longer be a stumbling block.

“Companies can use this tool to police off-channel bookings, or they can choose to open up the program. Traxo is agnostic about that. What we do know is that you shouldn’t have data gaps,” he said.

Traxo for TMCs will come in two configurations. One is a referral model, which is the model adopted by Fox World Travel. In that program, the corporate engages with Traxo to install the tool. When that is done, Traxo

“Companies can use this tool to police off-channel bookings, or they can choose to open up the program. Traxo is agnostic about that. What we do know is that you shouldn’t have data gaps.”

—TRAXO’S ANDRES FABRIS

“instantly” makes available to the TMC “via online reporting tools and API integration” the off-channel booking data it captures. The TMC then can consolidate that data and support the traveler with its own services according to Traxo. A reseller model also will be available, wherein the entire relationship is managed through the TMC.

Either way, said Fabris, gaining access to off-channel bookings opens up the horizon for TMCs and for corporates looking for more control over their programs.

“A lot of nice benefits come from having the data,” said Fabris. “Mobility, data lakes and analytics, traveler profiles ... that’s in addition to the duty-of-care piece. Then you can start to enable potential shifts in the business model, including whether to provide service and support for off-channel bookings. I think that’s where the industry is going.”

Fox World Travel is now in the position to make those decisions. The Oshkosh, Wis.-based agency claims \$520 million in 2019 sales and last year introduced Cognition, a data platform for clients into which data from Traxo will be integrated.

“Complete visibility into every traveler’s business trip itinerary data is a luxury many travel managers have long desired,” Fox World Travel CEO Chip Juedes said in a statement. “Now, in a more safety-conscious and risk-sensitive environment, our clients will have the insight and thus the ability to support all their travelers through enhanced duty-of-care initiatives. Full visibility is not simply a luxury as it once was; it’s an essential need in today’s business travel landscape.” ■

TripActions Targets Big Clients with New Enterprise Edition

BY ADAM PERROTTA

TripActions is bringing its corporate travel management platform to the large global audience sector with the launch of its new Enterprise Edition, the company announced this month. TripActions is touting the service as an end-to-end solution offering functionality for all travel program needs, including booking, agent support and payment and expense tools, with such services provided directly by TripActions or via partner integrations.

That full lineup of capabilities previously was “only available to enterprises by stitching together multiple, disparate legacy technologies,” said Ariel Cohen, co-founder and CEO of TripActions. That ad-hoc setup left many enterprises in

the lurch amid the Covid-19 pandemic according to Cohen, “as a result of the limitations of their existing antiquated travel management company and tools.”

And though TripActions itself was buffeted by Covid-19, laying off nearly 300 employees in March, the company said it continued to add new clients, including several enterprises. Meanwhile, TripActions also continued building out its platform, launching a Covid-19 tracker and adding supplier safety procedure information to its booking tool, along with a service to automatically manage and apply fee waivers stemming from unused air tickets, while also doubling down on its Liquid companion payment card and

landing \$125 million in new financing.

TripActions Enterprise Edition also includes “enterprise-grade infrastructure, security and compliance,” along with “integration with leading Enterprise SSO, HRIs, calendar and other systems,” and a “strategic consulting service offering T&E program and policy design, optimization and support.” Pricing is identical to TripActions’ existing structure; the company charges a \$25 trip fee that covers all booking and support for a given trip.

The launch of the enterprise version of its platform has been some time coming for TripActions. Cohen over the past two years hasn’t shied away from discussing the company’s plans to scale up to serve enterprise-level organizations and competing with entrenched major TMCs for clients in that sector. ■

Tripbam Enhances Smart Sourcing, Releases It as Standalone Product

BY DONNA M. AIROLDI

Hotel reshopping and analytics company Tripbam has enhanced its Smart Sourcing tool and has made it available as a standalone service, the company announced this month.

The product, unveiled last fall, uses Tripbam’s hotel intelligence tool to find locations where there is opportunity for savings with sourced hotels, according to the company. Smart Sourcing implementation requires corporations or consultants provide 12 months of booking data in any format and the client’s current hotel program. Tripbam then identifies high-performing hotel candidates and calculates target rates based on the company’s room nights, volume and historical hotel behaviors. Travel managers can select a dynamic or a static rate, avoid blackout dates and room category restrictions, and request amenities. The predefined bid with an “accept” or “reject” option is sent directly to the hotels via email using Tripbam’s list of hotel contacts. Negotiations occasionally ensue, according to Tripbam. If a bid is accepted, rates are automatically loaded, and Tripbam immediately begins to audit and track hotel performance.

After a 2019 pilot of the tool, about 74 percent of travel managers’ bids were accepted by hotels, a figure that varies by company and market, said Tripbam founder and CEO Steve Reynolds.

Previously, Smart Sourcing was available only to existing Tripbam clients or travel management companies that used its rate auditing service. Reynolds said the company decided to offer it as a standalone product after requests by consultants, which increased after Tripbam in June launched a consultant certification program.

“The [consultants] started talking about the service to their clients, and some were not Tripbam customers,” Reynolds said. “Clients were like, ‘Great, let’s do it, but I can’t wait until I get a contract signed. ... We need to get this going now.’ If the client was not going to be on the whole integration with the agency, we needed an alternative way to get the data into the system so we could do some sourcing. That led us to this solution. It’s really opened up the market a lot. There were agencies that really wouldn’t allow clients to use our service. Now the client doesn’t need agency approval, they just send us their [historical] data.”

Traditionally, Tripbam prices its services based on hotel bookings, but because there aren’t many for business travel at the moment due to the Covid-19 pandemic, pricing for Smart Sourcing is based on the size of a user’s hotel program with a monthly fee per included hotel, Reynolds said.

Product Enhancements

Among Smart Sourcing product enhancements is a batch request-for-proposals feature that allows users to bulk upload hotel targets, even thousands, instead of one at a time. There’s no limit to the number of bids that can go out at once, Reynolds said. The feature also can convert existing static hotel rate agreements to new static or dynamic agreements to account for ongoing market volatility.

Also in light of that volatility, the company has created a new method of determining discount recommendations to reflect current market conditions.



“If we were using just historical data, the current discount you would have gotten in the past is not the discount you are getting today.”

—TRIPBAM’S STEVE REYNOLDS

“If we were using just historical data, the current discount you would have gotten in the past is not the discount you are getting today,” Reynolds said. “Before, you were getting a 25 percent discount. If you look at the average daily rate for bookings as of this month, your actual discount is minus 5 percent. The [best available rate] is lower than your static rate. The problem is, I don’t have bookings for today for this client at this hotel. What am I going to benchmark it on? What we’ve done is, we know in this market the ADR has dropped, so I’m not going to use the ADR from the past. I’m going to discount it by what that market has dropped to and come up with a new benchmark.”

One differentiator between using Smart Sourcing as a standalone tool instead of coupled with Tripbam’s reshopping service, beyond the lack of reshopping benefits, is that it is more difficult for the company to grade hotel performance, so other benchmarks are used.

“It comes down to [last room availability] and rate availability,” Reynolds said. “I’m just not as aware real-time as to what are the available rates. You want to be more proactive and look at deals in the future, and we can’t really provide that with this new model. Everything else is pretty much the same. We can measure hotel performance, the effective discounting, and we can measure your rates to benchmarks. We just can’t measure LRA performance as well as we normally do.”

One potential hurdle for Smart Sourcing users is the widespread hotel layoffs and furloughs related to the Covid-19 pandemic, which could complicate identification of the appropriate hotel contacts to receive bid emails. “We consolidated contacts for each individual hotel across the 200,000 in our system, from a variety of sources,” Reynolds said. “We pinged those addresses to see if they were valid. For those that weren’t, we hired [temporary workers] to find out who is the right contact for that hotel. We finally got through the entire database and, as of today, we probably have the best contact list of anyone on the planet.” ■

Marriott: Cos. Booking Twice the U.S. Room Nights from Spring

BY DONNA M. AIROLDI

Marriott International now is selling to corporate customers in the United States twice as many nights and booking twice as many nights than it was in April and May, Marriott SVP and CFO Leeny Oberg said last week during the J.P. Morgan Gaming, Lodging, Restaurant & Leisure Management Access Forum 2020.

“That’s clearly an example where there is more comfort in traveling,” she said. “It’s still definitely higher on the drive-to [markets] than on the flying, but it is steadily improving demand.”

Additionally, the Covid-19 pandemic might not have the substantial effect on 2021 corporate hotel negotiations as might be expected, she added.

“Clearly, there will be pockets where demand is so low that there it’s going to result in a different special corporate rate next year,” Oberg said. “But I would say in general that what you’re seeing toward the upper end is that rates have held in relatively better than you might expect given the incredible drop in [revenue per available room].”

“So, in many respects, you will see that the rate negotiations reflect ‘steady as she goes,’ but also the reality that if a hotel has super-low occupancy, that the corporate customers are going to benefit from that.”

Negotiations now are centered more on room night volume than room rate, Oberg said. Further, she said corporate clients have told her that their travelers are at different levels of comfort with the pandemic.

“They’ve got a number of [internal] clients where they’re not back in their offices yet, and they don’t really want people to come see them,” Oberg said. “You’ve got others that actually are starting to be in the offices more. In talking to colleagues around Marriott, I’m starting to hear of a few business trips where they are wanting our people out there. So, I think it’s kind of steadily moving in the right direction. It’s just starting from an incredibly low point.”

“I would say in general that what you’re seeing toward the upper end is that rates have held in relatively better than you might expect.”

—MARRIOTT’S LEENY OBERG

When asked about group business, Oberg explained that Marriott’s group business is comprised roughly of 40 percent association, 40 percent corporate and 20 percent social events, like weddings. Many associations hold annual conferences as a critical revenue raiser, and as such are waiting as long as possible before canceling those events, she said. Marriott has seen a few such cancellations for the first half of 2021, but not for the back half of the year or beyond, she said.

Corporate group demand, on the other hand, will depend more on the state of the economy, she said, and “we need the economy to stay fairly healthy for corporate America to continue to generate a lot of this demand.” Still, she thinks there is pent-up demand on the part of corporations, but it will be tempered by some companies’ financial state.

“But fundamentally, in terms of the reality that the group demand is still there, we feel really good,” Oberg said. “I think there’s actually the possibility of additional corporate demand from remote work and the fact they want to get their folks together, who are now working more remotely, so we feel really good about it.”

Meanwhile, Greater China continues to recover, with August occupancy of 65 percent, Oberg said. In addition, in the Asia/Pacific region the company is up 30 percent in room signings compared with a year ago, which she called “pretty extraordinary.” ■

Virtual Event Platform Airmeet Raises \$12M in Series A Funding

BY DONNA M. AIROLDI

Airmeet, a platform for virtual events, has raised \$12 million in Series A funding, the company announced last week. This brings the company’s total funds raised to \$15 million since it launched in August 2019.

Sequoia Capital India led the round, joined by Redpoint Ventures and returning investors Accel India, Venture Highway and Global Founders Capital.

With many in-person events pivoting to virtual amid the Covid-19 pandemic, Airmeet in a statement said that it has seen significant growth the past quarter, and by July had hosted more than 10,000 events on its platform.

Networking is a key goal, with Airmeet “hyper-focused on ‘interaction liquidity’ and helping participants build authentic connections,” the company said. Some of the platform’s offerings include a social lounge, with tables for meet-ups, and a lobby for “speed networking” where participants can meet and make connections in one- to five-minute increments. The solution also provides registration management, payment solutions and analytics.

The platform, which is still in beta, was built for virtual connections and events, not necessarily for virtual meetings, Airmeet co-founder Lalit Mangal told BTN. “Events is a new category in itself,” he

added. “The focus is on being accessible to all segments of customers, not just enterprise.”

He added that Airmeet’s target audiences are enterprises, for connecting customers; communities, like those of marketers or web developers; venture capital incubators and accelerators; and universities and campuses.

The company plans to use its investment funds to accelerate technology development, build new event templates, grow its team of 60 employees in six countries to 100, and expand its customer base globally, particularly in the United States, Mangal said. Airmeet also has a goal of powering 1,000 events per day on its platform. Customers have included Microsoft for Startups, the Linux Foundation and educational institutions. ■



Qantas: International Flights Unlikely Before July 2021

BY MOLLY DYSON

Australian airline group Qantas has reported a statutory loss of A\$2.7 billion (US\$1.95 billion) for the 12 months to June 30 following “a near total collapse in travel demand” and a \$4 billion drop in revenue in the second half due to the coronavirus and related border closures. The group doesn’t expect international travel restrictions to ease to the point where operations can continue before July 2021, and domestic demand remains low, with only 20 percent of pre-Covid capacity scheduled for August.

CEO Alan Joyce said the second half of the fiscal year—the height of the crisis—“was the toughest set of conditions the carrier had faced in its 100 years.” He claimed the company was “on track” to make another profit above \$1 billion before the crisis hit. However, the group said it is in a good position to weather another predicted loss in FY21, with liquidity at \$4.5 billion as of June 30, including \$1 billion of undrawn facilities.

Joyce commented: “The impact of Covid on all airlines is clear. It’s devastating and it will be a question of survival for many. What makes Qantas different is that we entered this crisis with a strong balance sheet and we moved fast to put ourselves in a good position to wait for the recovery.

“Covid is reshaping the competitive landscape and that presents and mix of challenges and opportunities for us. Most airlines will come through this crisis a lot leaner, which means we have to reinvent how we run parts of our business to succeed in a changed market.”

A few days after Joyce’s comments, Qantas announced the head of its international operations would leave the carrier Sept. 1.

Qantas International CEO Tino La Spina, who took that position in October 2019 after more than four years as Qantas’

“Recovery will take time and it will be choppy. ... But we know that travel is at the top of people’s wish lists and that demand will return as soon as restrictions lift.”

—QANTAS’ ALAN JOYCE

CFO, has departed the position, Qantas announced.

Qantas Domestic CEO Andrew David has assumed La Spina’s responsibilities, according to the carrier.

Qantas is planning to finalize around 4,000 of “at least” 6,000 redundancies by the end of September and will continue to stand down around 20,000 employees until demand returns. The group has retired its Boeing 747 fleet ahead of schedule and has more than 100 aircraft in storage.

During the crisis, Qantas said it has collected around \$267 million in JobKeeper payments from the Australian government, most of which was paid to employees on furlough and the rest of which was used to subsidize the wages of those still working. Up to June 30, the group said it has received \$515 million in government support with a net benefit after the cost of operating flights equating to \$15 million. Support to be provided in FY21 will depend on the group’s flying activity, according to Qantas.

Joyce added: “Recovery will take time and it will be choppy. We’ve already had setbacks with borders reopening and then closing again. But we know that travel is at the top of people’s wish lists and that demand will return as soon as restrictions lift. That means we can get more of our people back to work.” ■

Virgin Atlantic Completes £1.2 Billion Recapitalization Agreement

BY MOLLY DYSON

Virgin Atlantic is planning to cut a further 1,150 jobs across the company and offer a furlough scheme for cabin crew as part of a restructuring plan as it completes a £1.2 billion recapitalization deal, the carrier announced.

The airline’s plan formally was approved this month by courts in the U.K. and U.S., putting it in a position “to rebuild its balance sheet, restore customer confidence and welcome passengers back to the skies,” according to the company. The deal includes £400 million in new cash, £200 million of which will be provided by Sir Richard Branson’s Virgin Group.

As part of the recapitalization, Virgin Atlantic will implement a restructuring plan with the support of majority owners Virgin Group and Delta Air Lines.

However, with travel restrictions continuing for transatlantic journeys, the airline said it is planning for a scenario in which operations between the U.K. and U.S. do not extend beyond “current skeleton operations” until 2021. In this scenario, Q4 capacity across the network would be around 25 percent of 2019 levels, with 2021 revenue potentially only hitting 50 percent of what the airline achieved in 2019.

As such, Virgin Atlantic said it will begin formal consultations with the Unite and BALPA unions over a further 1,150 job cuts in addition to the more than 3,500 redundancies it already has made as a result of the coronavirus crisis.

To mitigate as many cabin crew redundancies as possible, the airline said it will offer a voluntary, company-

led and financed furlough scheme for an additional 600 crew when the U.K. government-funded Coronavirus Job Retention Scheme ends in October. However, should the government extend its own scheme, the airline will continue to use it.

Virgin Atlantic CEO Shai Weiss said: “The completion of the private-only, solvent recapitalization of Virgin Atlantic removes much of the uncertainty we faced and represents a major step forward in our fight for our survival.

“Now we must focus our efforts on securing our long-term future, by ensuring that Virgin Atlantic not only survives but thrives as passenger demand returns.”

Weiss also repeated the airline’s support of airport coronavirus testing as a way to open up transatlantic flying, a key market for Virgin Atlantic accounting for 70 percent of its network. ■

Etihad Working to Rekindle Pre-Pandemic Momentum

The smallest of the Big Three Gulf carriers, Etihad Airways had a big start to 2020—on track to double earnings compared with last year, per its most recent earnings report—until, as with all carriers, Covid-19 brought it all to a screeching halt. Now, the carrier is cautiously rebuilding its network, including service from four of its five North American gateways. Etihad Americas VP Vincent Frascogna last month spoke with BTN transportation editor Michael B. Baker about Etihad's path to recovery and how being a "small, nimble" carrier will be a benefit in a world of unstable demand and constantly shifting regulations.

WHAT DOES ETIHAD'S NETWORK LOOK LIKE RIGHT NOW?

Like most carriers, toward the end of March, we had to completely ground everything. That was primarily dictated by the [United Arab Emirates] government closing the borders to all flights coming in. Since then, we've been operating a number of repatriation flights, from Chicago, from Toronto, from New York. We've been substituting some of our passenger flying with cargo flying. We still operate a pretty decent-size cargo freight operation into the U.S., but also, we've been using our passenger aircraft to put cargo into the belly and also in the passenger areas onboard. As borders have reopened and regulations have relaxed somewhat in certain countries, we've been able to restart our schedule. For the U.S., that is five times a week service out of [New York's John F. Kennedy International Airport] and the same out of Chicago. From Washington, it's three times a week, and from Toronto, five times a week as well. It's just [Los Angeles] that's really remaining. Right now, we don't see enough demand to warrant restarting LAX from a commercial perspective.

HOW ARE YOU DETERMINING WHERE TO RESTART FLIGHTS?

If we look at our core destinations out of North America, the UAE is obviously one of the biggest, but India and the Indian subcontinent is right up there in terms of our top 20 destinations. With India being closed to most passengers coming in right now and not likely to reopen until the beginning of September, that limits us in terms of demand passenger opportunity out of North America. [Note: After this interview, Etihad announced it would begin operating a series of special passenger flights to Bengaluru, Mumbai and Delhi on Aug. 21.] We've substituted the aircraft types that we normally operate to North America. We normally operate a mix of [Airbus] 380s, [Boeing] 777s and a [Boeing] 787 operation into Washington. We are now operating just a 787-9 into all those markets. That satisfies our requirements right now in terms of demand and the efficiency of those aircraft based on the fewer passengers we carry.

It's a very fluid situation. It changes frequently. A border will reopen, then it closes, then it reopens, or there are regulations that different governments put in around 14-day quarantine periods or, similar with



Etihad's Vincent Frascogna discusses:

- Working with UAE Covid-19 testing requirements
- Why corporate buyers are asking for business-class discounts
- The prospects for recovery

"When we grounded all our aircraft, we embarked on probably the biggest maintenance program we've ever done."

what the UAE government has introduced... the requirement is to have a negative [polymerase chain reaction] test prior to getting onboard our aircraft. Any passenger who is flying into the UAE or transiting the UAE, whether it's Abu Dhabi or Dubai, the passenger is required to present a negative PCR test no older than 96 hours prior to check-in. It's an additional process that passengers flying on us now have to follow, but the feedback we receive is pretty positive when we're checking guests in. They seem to have a lot more peace of mind that they're getting on an aircraft where everyone has displayed a negative PCR test.

ARE YOU CONDUCTING THAT TESTING?

We're not testing. We're obviously communicating with the guests to make sure they understand they need to do this prior to check-in. In the U.S., they can go to any accredited laboratory facility to get that PCR test done. Yes, there have been reported delays in terms of getting the results, but the 96-hour period starts from the time you get your result to the time you check in. It does leave people enough time to organize their plans and get to the airport.

WHAT IS THE BEST-CASE SCENARIO YOU ARE LOOKING AT AS FAR AS DEMAND GROWTH?

We are a very small, nimble airline when it comes to making changes. We can do it quickly. When we grounded all our aircraft, we embarked on probably the biggest maintenance program we've ever done. We changed out every single carpet, every single seat cover, we fixed many minor technical issues onboard the aircraft and brought forward all the normal maintenance programs on the schedule of a specific aircraft. Not many airlines can embark on a program like that. In terms of outlook, travel will come back. It's within the DNA of every human being to actually move, travel and experience new things, to have face-to-face communication. Nothing replaces face-to-face communication. Travel will bounce back, and business travel will bounce back, especially in those countries where it is a cultural influence to be face to face, whether to negotiate or in those industries, like construction or the medical industry, where you can't actually function as a business unless you are in place.

WHAT ARE YOU DOING TO BUILD RELATIONSHIPS WITH CORPORATE CUSTOMERS AT THIS TIME?

We've got a number of our corporate sales teams here in North America doing exactly that, not only looking at maintaining those relationships with existing corporate customers, looking at what they're seeing within their industries, which then helps us make decisions on what we need to do with our network, but also establishing new relationships. Some of our existing corporates, who have normal economy [class] policies, are coming to us and saying, "Look, we know our staff is going to be traveling. What can you do to give us a very good deal in your premium cabins? By virtue of your configuration, social distancing works for us in business class, but we need good rates and good deals, so how can we work together?" We're seeing multiple conversations happening across the board and new markets opening up as well. When we come out of this, we believe particularly on the business and corporate side, we're going to be in a much stronger position. ■



Upside, TravelBank Veer to TMC Partnerships

A couple of business travel startups that have targeted the small end of the market with homegrown technology and their own agency accreditation have forged new partnerships with traditional travel management companies to white-label their tech. TravelBank last month announced its first-ever TMC partnership with World Travel, Inc., which launched the small-and-midsize-business-oriented WorldHub Travel & Expense offering. This month, Upside Business Travel announced that Omega World Travel is private-labeling its booking tech.

Upside and TravelBank each confirmed plans to continue selling and supporting their own tech and services for clients they directly acquire, but both are working to broaden their reach in these challenging times with agency partners.

“Like everyone in the travel space, the pandemic has forced Upside to rethink its long-term strategy for serving the business travel market,” according to a statement from Upside chief commercial officer Jason Wynn. “The core of any go-forward strategy is our technology.”

In a follow-up email, Wynn said Upside’s target market has been very small and mostly unmanaged businesses that have sat outside the scope of traditional TMCs.

It’s not Upside’s first TMC partnership play, either: It flirted with a TMC partner network several years ago that never materialized. Further, Flight Centre Travel Group last year took a minority stake in Upside, which worked with the agency group on tech.

Omega’s new Upside-based booking product is geared to smaller clients that have simple policy needs and want “user-friendly” booking tech at a price below those from traditional online booking partners, vice president of IT and data analytics Nadim Hajje said.

Omega will blend the Upside-based frontend with its own TMC support and offerings like supplier content, data management and some lightweight account management, he said.

The Upside-backed product isn’t meant to compete

“It’s a very distinct market set that we’re going after. As we looked at a sector of business that we think will drive the economy in the near future, how do we deliver something and remove a lot of the friction?”

—WORLD TRAVEL, INC.’S IVAN IMANA

The Beat

with other tools it supports like Concur Travel or Sabre GetThere, Hajje said.

“For price-conscious organizations that want to go down the route of having some sense of control of travel, now we’re able to offer them something that’s price-sensitive to fit their needs and give their travelers a better experience,” Hajje said.

Omega is “soft-launching” the product this month, and has demoed it with clients and prospects, he said.

Meanwhile, TravelBank’s online booking and expense system is the frontend for World Travel, Inc.’s new WorldHub Travel & Expense, which folds in the TMC’s service and tech stack for an “all in one” offering that can include risk alerts, itinerary management and price-assurance.

TravelBank, itself an ARC-accredited travel agency, noted that World Travel, Inc. represents its first such partnership with an established TMC, but likely not its last.

World Travel, Inc. executive vice president of business development Mike Farrell in an interview said WorldHub Travel & Expense is “an offering that we did not have in our toolbox, which is a very light online booking tool and expense platform that gives us the ability to go after a market in a very timely manner. As people start traveling more, smaller companies may realize their unmanaged program of the past needs some restrictions and some guidelines and some rules around it.”

Further, World Travel, Inc. chief information officer Ivan Imana added, smaller companies may be poised to be the first engine to rev in business travel’s recovery.

“It’s a very distinct market set that we’re going after,” Imana said. “As we looked at a sector of business that we think will drive the economy in the near future, how do we deliver something and remove a lot of the friction? They may not have the needs of a typical midmarket, enterprise-type solution.”

For those traditional clients, World Travel, Inc. supports the likes of Concur.

Meanwhile, longstanding T&E tech providers Serko and Deem also have offered TMCs to extend white-label booking solutions specifically targeted at the smaller side of the market.

Psngr1 is another new entrant in corporate travel booking tech forging new partnerships with TMCs. Founder and CEO Chris Moss in a mid-July interview said it was getting a fresh look from some corporate travel agencies, including Balboa and Travel and Transport. ■

Frosch Takes Majority Stake in Plaza Travel

BY CHRIS DAVIS

Frosch International Travel has acquired a majority stake in Woodland Hills, Calif.-based luxury specialist travel agency Plaza Travel, the company announced last month.

Frosch acquired 51 percent of Plaza, giving the latter the “opportunity to accelerate growth in the corporate, entertainment, leisure and independent contractor markets as well as pursue strate-

gic acquisitions,” according to a company statement. Frosch president and CEO Bryan Leibman in a statement said that Plaza, like Frosch, has a “strong general focus on luxury travel, spanning corporate, leisure and entertainment.”

Plaza Travel will retain its brand, and “no major operating changes are anticipated at the company,” according to Frosch. Plaza president

Steve Orens has made a long-term commitment to the company to “to remain as partner to run and grow the business.”

Financial terms of the deal were undisclosed.

“The Covid-19 pandemic has provided a unique opportunity to partner with a great multi-national company like Frosch to access an enhanced global network and leverage strong, personal relationships,” Orens said in a statement. “I have known the Leibman family and Frosch team for many years and am confident this will be a great partnership.”

Frosch earlier in 2020 acquired travel agencies CorpTrav and Luxe Travel.

Plaza Travel in 2019 had more than \$80 million in total sales, according to Frosch. Frosch in 2019 had \$2.4 billion in total sales, according to Travel Weekly. ■



IAG Planning Long-Haul Cuts, UAL Lowers Some Q3 Capacity

BY MOLLY DYSON & MICHAEL B. BAKER



International Airlines Group, owner of British Airways, Iberia and Aer Lingus, among other carriers, is planning to cut capacity to 60 percent of 2019 levels for the fourth quarter of 2020 thanks to ongoing travel restrictions, particularly in the long-haul market.

The group said that while it was encouraged by an increase in bookings in June to 30 percent of June 2019 levels following an “almost complete cessation” in April and May, the re-implementation of quarantine requirements by the U.K. and other European governments returning from specific countries has “levelled off” forward bookings across its airlines.

IAG added that it had been prepared for a delayed recovery in long-haul booking activity, impacted by ongoing restrictions for transatlantic flights to North and South America, but that it had seen a “modest increase” in long-haul bookings since mid-August.

As a result, capacity for Q3 is expected to be down 78 percent compared to last year, while Q4 capacity will decline to 60 percent of 2019 levels—much lower than IAG’s original estimate of 46 percent—and overall capacity for 2021 could decline by 27 percent. The group continues to predict that passenger demand will not return to 2019 levels until at least 2025.

The group made its predictions as it released details of a previously announced fully underwritten capital increase aimed at raising more than €2.7 billion from shareholders through

the sale of new shares at a discounted price. Largest shareholder Qatar Airways has already agreed to buy its pro-rata entitlement of new shares. IAG said it would use the extra cash to reduce debt and help it survive a long-term downturn in travel.

BA still is in the process of reducing its headcount by up to 13,000. By the end of August, it had cut staffing levels by 8,236 employees, mostly through voluntary redundancy, according to IAG. The carrier has reached labor agreements with pilots, engineers and customer service staff at Heathrow airport, while the Unite union will soon be balloting cabin crew on a deal. Other consultations with Heathrow ground handling services and cargo operations staff, U.K. call center employees and Gatwick-based cabin crew are ongoing.

UAL Lowers Q3 Capacity

Meanwhile, United Airlines in a U.S. Securities and Exchange Commission filing this month indicated that its third-quarter scheduled capacity would decline 70 percent year over year, down from a previous estimate of 65 percent. The carrier expects Q3 passenger revenue to decline approximately 85 percent year over year.

“The company does not currently expect the recovery from Covid-19 to follow a linear path,” United wrote in the filing, noting a “moderate improvement” in domestic U.S. leisure bookings and some short-haul routes to Latin America and the Caribbean in late August and early September.

Still, United will add new service to India, Nigeria, South Africa and Ghana starting late this year and into next year, the carrier announced.

For India, United in December will begin daily non-stop service between Chicago and New Delhi, and in spring 2021 it will add nonstop service between San Francisco and Bangalore, connecting two major global technology hubs. United will be the only carrier operating the latter route; American Airlines also plans to launch service between Bangalore and Seattle next year.

United will begin growing its network to Africa in late spring 2021, when it plans to introduce three weekly flights each between Washington Dulles and both Lagos, Nigeria, and Accra, Ghana. The carrier also plans to introduce nonstop service between Newark and Johannesburg, South Africa, in the spring.

In the summer, United plans to increase its network to Hawaii, with new service between Newark and Kahului, Maui, and between Chicago and Kona. ■

Air Canada Partners for Study to Test Covid-19 Quarantine Policy

Air Canada is testing the effectiveness of 14-day quarantine periods via a voluntary testing program for international travelers arriving at Toronto Pearson International Airport, the carrier announced.

Canada currently is limiting inbound travel largely to returning citizens and permanent residents, who are required to quarantine for 14 days upon arrival, a policy that this month was extended until at least Sept. 30.

The program, which Air Canada is conducting in partnership with McMaster HealthLabs and the Greater Toronto Airports Authority, began Thursday and asks consenting inbound travelers to provide samples for Covid-19 testing by MHL. They will be notified of the results with 48 hours. Participants then supply additional samples seven and 14 days after arrival for additional testing.

The study will last several months and is

the largest of its kind, according to Air Canada.

“Our study will provide data to help determine if an airport-based Covid-19 surveillance program is feasible, whether self-collection of Covid-19 testing is effective and to explore options regarding the 14-day quarantine for international travel,” according to MHL CEO John Gilmour. “The leadership of Air Canada and the GTAA in supporting Covid-19 research serves as a model for other organizations looking to make evidence-based decisions.”

Data from Air Canada’s study could help “allow for the prudent easing of travel restrictions and the mandatory 14-day quarantine, thereby striking a better balance for travelers and for the Canadian economy without adversely impacting public health,” according to Air Canada chief medical officer Jim Chung. ■



CBRE Again Softens Forecast for 2020-24 U.S. Lodging Recovery

After the U.S. lodging industry during the second quarter faced its worst occupancy since the 1930s and its worst revenues and profits ever, the sector is poised for a multiyear recovery to begin this quarter, according to the latest forecast report by CBRE Hotels Research. However, the company now believes the recovery will take longer than it previously anticipated, with occupancy projected to reach 65.5 percent in 2023, as opposed to 2022, which CBRE had predicted in July.

“Economic, social and operational factors influence demand recovery,” said CBRE senior economist Bram Gallagher. “In the past quarter we observed geographically staggered rates of infection throughout the U.S. Therefore, CBRE forecasts an economic cycle shallower than initially anticipated, followed by a longer recovery.”

Corporate travel and group demand also are key to fall performance. Revenue from March through June from bookings through global distribution systems—which usually comes from business travelers—and group channels as a percentage of total industrywide revenue declined from typical levels. And revenue booked through GDSs and group channels historically is at its highest point during September, October and November as a share of industrywide revenue, explained CBRE director of research information services Robert Mandelbaum in an email.

“It can be assumed that corporate and group travel accounted for much less of a [percentage] of total lodging demand during the first half of 2020 compared to history,” according to Mandelbaum. “If the trend of the first half of 2020 persists through the second half, this does not bode well for the industry, particularly the luxury and upper-upscale properties which are most dependent on corporate and group demand.”

The report further shows that recovery patterns vary by chain scale, with occupied room nights for hotels in the upper-midscale segment projected to return to 2019 levels in 2022, while luxury and upper-upscale demand will lag until 2024.

CBRE U.S. Hotel Performance Forecast

U.S. occupancy, average daily rate and revenue per available room

YEAR	OCCUPANCY	ADR	REVPAR	REVPAR YOY CHANGE
2020	39.8%	\$104.10	\$41.46	-52.5%
2021	52.3%	\$111.89	\$58.51	41.1%
2022	60.2%	\$120.52	\$72.50	23.9%
2023	65.5%	\$128.90	\$84.37	16.4%
2024	66.6%	\$134.12	\$89.27	5.8%

Sources: CBRE Hotels Research, Kalibri Labs

Layoffs Hit Marriott

Hotel companies have continued to slash costs as business travel demand stays low. Marriott International intends to lay off in October 673 workers, or about 17 percent of its corporate workforce, the company confirmed. The company currently has about 4,000 employees at its Bethesda, Md., headquarters.

In March, the company announced furloughs and reduced work schedules to begin in April, due to the negative effects of Covid-19 on the travel industry, and at the end of May extended them through Oct. 2, 2020. The company reported a second-quarter revenue per available room decline of 84.4 percent year over year, coupled with a net loss of \$234 million. While Marriott reported that Greater China had been leading the company’s recovery, CEO Arne Sorenson also noted during the second-quarter earnings call that some corporate travel had begun to return. ■

Sonesta International to Gain 103 Properties After IHG Default

Real estate investment trust Service Properties Trust has ended its management agreement with InterContinental Hotels Group and will transfer 103 properties from IHG to Sonesta International Hotels Corporation, SPT and Sonesta announced in late August.

The move comes one month after Service Properties Trust sent a notice of event of de-

fault and termination to IHG for the latter’s failure to pay approximately \$8.4 million of required property return for the month of July 2020. IHG had until Aug. 24 to make the payment plus accrued interest. In addition, IHG’s priority return payment of about \$17.4 million was due Aug. 1.

The effective date of the termination is

Nov. 30, 2020. With the transfer, Sonesta will gain 22 full-service hotels and 81 extended-stay hotels in the United States, Canada and Puerto Rico. The transaction will increase Sonesta’s portfolio to more than 160 properties in the U.S. and nearly 200 outside the United States. Destinations new to Sonesta with the transfer include Denver; Louisville; Raleigh; Salt Lake City; San Diego; Seattle; Washington, D.C.; Ontario, Canada; and San Juan, Puerto Rico.

The IHG brands affected include three InterContinental hotels, five Kimpton hotels, 11 Crown Plazas, three Holiday Inns, 20 Staybridge Suites and 61 Candlewood Suites properties. They will be reflagged as Royal Sonesta, Sonesta and Sonesta ES Suites brands. ■



Hyatt Hotels Corp. Preps for Hybrid Events

Meetings and events accounted for 30 percent of Hyatt Hotels Corp.'s room revenue in 2019. Covid-19 has all but shut down that segment for now, but Hyatt is seeing a slow return of face-to-face gatherings. Hyatt SVP of events Steve Enselein last month spoke with BTN's Donna M. Airoidi about how the company is preparing for the return of in-person events, particularly hybrid ones. An edited transcript follows.

WHAT TRENDS ARE YOU SEEING IN TERMS OF MEETING BOOKINGS?

For 2020, it's small meetings that are coming up on an as-needed basis. The vast majority and larger events are being booked into 2021. The good news is that most of the events booked already into Q1 and Q2 are holding steady and not looking to move at this point.

MANY LIKELY WILL BE HYBRID EVENTS. HOW IS HYATT WORKING WITH CORPORATES TO MEET THOSE NEEDS?

One of the good things about this pandemic is it has allowed us to stop and spend some time talking to our customers and understanding what their needs are. We've also started to have communications with our technology partners that provide [audiovisual services] inside our hotels and other organizations that have been in the hybrid and virtual meeting space for a long time. For the short-term portion of hybrid, we think the primary need is how we educate our teams on what the potentials are and how we educate the customers on what the potentials are, and how we make it easy for them to execute their first events.

WHAT WILL THE IMMEDIATE FUTURE OF IN-PERSON EVENTS LOOK LIKE?

We think it will be small meetings being held on an as-needed basis. We have focused on identifying different types of hybrid experiences that groups might need. Is it eight small groups of people out in one hotel or connecting multiple hotels together? We've conducted education with our directors of sales, directors of events, event planning managers and sales managers on the different options, but we are relying on our A/V partners to get into the specifics. We've also been working in many of our key cities to put together a network of hotels that can put up one of these hybrid events—Paris, Dubai, Hong Kong, London, Singapore. And in the Americas, we work with our hotels in the Hyatt Convention Alliance, which are our biggest hotels in key marketplaces and many of our resorts.

WHAT A/V PARTNERS ARE YOU WORKING WITH? ARE YOU INCREASING WI-FI BANDWIDTH AND OTHER TECHNOLOGY CAPABILITIES?

We work with our A/V partners that work in-house with us, the relationship with PSAV and Encore has been a great longstanding partnership, and we look to them to learn what their needs are. [Recently,] we had a meeting at the Hyatt Regency Chicago that used



Hyatt's Steve Enselein talks:

- The return of meetings
- Technology enhancements for events
- New F&B options for groups

“For the short-term portion of hybrid, we think the primary need is how we educate our teams on what the potentials are and how we educate the customers on what the potentials are.”

an outside company. We provided the set-up, labor, [food and beverage], and the organization used their own platform for broadcasting it. It was sent to Germany, China, Poland, France, Sweden and multiple U.S. locations. We're very well-versed in working with in-house partners and any production companies our customers bring to us.

BUT NO TECHNOLOGY CHANGES YET.

Short-term, we're working with our partners to identify any new technology we need to build into rooms, be it wide-angle cameras and microphones that stand on tables that don't need to be touched. But we have not put in cameras in our hotels at this point. Long-term, we're working with [architecture and design firm] Gensler to help us identify how we can modify and look to change our meeting space, be that modifying existing hotels or how we change set-ups in the future.

WHAT ABOUT F&B CHANGES?

We've worked collaboratively with our hotels, and we put together a task force of chefs and F&B directors and directors of events to look at F&B. As we worked with the team, we thought it was a two-pronged approach. For the first part, first adopters at meetings would be very focused on safety and simplicity and the need for pre-packed items probably would be really important. That is what we saw in the first groups that started to visit our hotels. Now that there are more groups, they're looking for an experience similar to what they were used to pre-Covid.

HOW ARE YOU ABLE TO PROVIDE THAT?

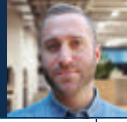
You're seeing the plexiglass shield in front of buffets, attendants behind stations, on-site staff to help with the collection of the food. In the old days, you'd read a menu card to tell you what the items were. Now, [staff] are there to explain, 'this is the ramen station, which broth would you like, what kind of noodles, what protein, would you like the vegetarian option?' It's getting an enhanced level of service, while still getting an option for choice.

ANYTHING ELSE AS IT RELATES TO F&B?

We're starting to experiment with allowing guests from smaller groups to pick their lunch item and to personalize their break experience. So instead of having a buffet for 20 people, how can we electronically allow groups and individuals to pick what they want for their lunch and what they want for their break? We're [addressing] some of the concerns about safety, [but still] allow[ing] for choices. And we're addressing some of the food waste concerns that come along with buffets.

WHAT ARE SOME OF THE NEW OPPORTUNITIES FOR HOTELS TO WORK WITH THEIR GROUP CLIENTS?

Hyatt has had some great technology solutions that maybe didn't get used quite as much. We have a program called Virtual Hotel Tour that allows planners to experience what hotels are like, see the meeting space, almost like they are there. We have a tool called Meetings on Demand that allows planners to book, plan and understand their entire event. We have a collaborative diagramming program that allows us to showcase social-distancing requirements, and the planners show to their key stakeholders how we are going to keep the guests safe. ■



Mastercard, Conferma Cut Fees As Crisis Shifts TMC Air Payments To Card

BY AMON COHEN

The twin coronavirus-driven urgencies of financial liquidity and risk reduction, not to mention challenges in airline refund settlement, have triggered a shift from cash to card payments for air bookings through travel management companies.

Amadeus told The Beat that cards during the past six months have gained 5 percent market share from cash for bookings through its global distribution system. Meanwhile, ARC's May-July 2020 figures show an 81 percent year-over-year drop in cash sales, whereas credit sales dropped 70 percent.

Card payments could see further gains if two initiatives involving Mastercard prove successful. So far this year, the shift away from cash has been onto the cards of TMCs' corporate clients. That could be joined by greater TMC adoption of agency-owned cards, an option airlines have rebuffed because of the high direct costs they incur.

Mastercard on July 17 added five new lower interchange fees to the single original fee of 2 percent in the Mastercard Wholesale Program, through which it manages business-to-business payments between travel suppliers and intermediaries. The lowest interchange fee now is 1 percent.

Separately, virtual card technology provider Conferma Pay has reached an agreement with Mastercard to drop the deployment fee it charges TMCs for each virtual card they generate, so long as the issuing bank is a Mastercard issuer. The fee waiver, enabled by Mastercard paying an offset to Conferma Pay, applies only to airline bookings—not hotel, for which virtual cards most commonly are used today, nor any other categories.

Mastercard, Amadeus, Conferma Pay and AirPlus International each confirmed to The Beat they have seen big gains this year in payments on corporate clients' cards. According to Amadeus head of payer services Damian Alonso, the largest global TMCs, which transact 80 percent of air payments by card and 20 percent by cash, "were already mature before the pandemic, but now we are starting to see other agencies using card."

AirPlus said the biggest gains for client cards have been in the United Kingdom, France and Italy, but particularly in Australia. Last month, during an earnings call with analysts, Jamie Pherous, managing director of the Australia-based multinational TMC Corporate Travel Management, said: "We've moved a lot of clients from 30-day terms to credit cards."

Liquidity Peril

Many TMCs settle with airlines through ARC in the U.S. or the International Air Transport Association's Billing and Settlement Plan in the rest of the world and in turn invoice their clients. But with airlines,

"The card schemes see us as a way to expand into central settlement for air and to provide an alternative to BSP. Banks have been frustrated for a long time about being locked out of this market."

—CONFERMA PAY'S
PAUL RAYMOND

TMCs and corporate clients all fearing each other may fail in the Covid-stricken economic environment, and liquidity at a premium for all parties, that option looks increasingly unattractive.

British TMC Clarity has launched a partnership called Clarity Pay with Diners International as part of a strategy to reduce invoicing, which accounts for 90 percent of its business. "Thirty days invoicing is normal, and some even push for more than that," said Clarity CEO Pat McDonagh, explaining that BSP remittance cycles have reduced in recent years, including to 14 days in the United Kingdom. As a result, TMCs often have to pay the airline before a client on invoice pays them. "TMCs with clients on invoices have to work hard to make sure debts are paid," said McDonagh.

If the client pays by card, McDonagh added, working capital improves for the TMC. In addition, TMCs can reduce the substantial bonds they must pay to IATA to cover the risk of default in their BSP payments. At the same time, cards reduce the TMC's risk exposure: If the airline fails, the card company refunds the corporate customer. If the client goes bust, the airline still receives payment from the card company, and the TMC is not liable, as it is when BSP cash is involved.

Despite these advantages, said McDonagh, switching clients to card is "not as simple as it first appears. Certain scenarios require the TMC to be the merchant of record, such as private fares." Clients may not like the surcharges some airlines impose for corporate payments. Also, warned McDonagh, TMCs need to rethink their treasury strategy because switching to cards affects when funds flow into and out of the business.

TMCs aren't the only ones reviewing the adjusted risks of a possible lurch towards card payment. "All card companies are managing credit lines very carefully because customers' credit ratings have decreased," said one card executive requesting anonymity. "Lines of credit might be reduced, though it's not a problem at the moment as companies aren't traveling."

The same worry hangs over the other end of the payment process. "Once volumes go up, airlines will have to renegotiate caps on how much is accepted by their acquirers," said Paul van Alfen, managing director of travel payment consultancy Up in the Air. "Airlines may start to have problems placing volumes with them."

There has been an even more powerful motivation for airlines to resist the alternative card route, which is TMCs paying on their own cards. Agent-owned card payments have been allowable since IATA in November 2017 amended Resolution 890, which governs card payments for agency sales. But agents may pay with their own cards only if the airline agrees, and in the months following the resolution change several carriers issued warnings that they didn't.

According to a presentation from IATA, which did not immediately respond to a request for comment, the direct cost to an airline of processing payment for a US\$400 ticket is \$12.68 for a virtual card and \$8.68 for a credit card but only \$0.08 via BSP.

The same IATA figures also show the counterargument, which is that payment via BSP takes 17 days to arrive in airlines' accounts, whereas card payments take two to three days. In the current crisis, said Conferma Pay director of strategic relationships Paul Raymond, "airlines are realizing that being paid

in three days has a lot of attractions.”

Mastercard spent a couple of years trying to impress on airlines that there are substantial costs attached to BSP cash payments, including default and fraud risks, bank overheads and currency fluctuations. But that generally was not enough to change minds.

“When Mastercard realized it would be difficult without a gesture on the cost side, it did something about that,” said van Alfen, hence the variable interchange fee announcement in July, which van Alfen estimated would reduce the cost of accepting agent-owned virtual cards for airlines by one-third to one-half.

“Due to Covid-19, a lot of variables in the equation have started to move,” van Alfen said. “If the agent goes out of business, it’s a risk for the airline, and airlines need every sale they can get their hands on. With lower fees in the mix, airlines will start to realize it’s not too bad an option.”

Another factor pushing some airlines to reconsider is the problems they suffered trying to issue mass refunds through BSP, during which, several sources told The Beat, they struggled significantly when more funds were going out than coming in. In consequence, carriers incurred the expense of hiring more staff to process refunds manually. “Covid broke the BSP system by putting it into reverse,” said van Alfen.

Mastercard vice president for travel market development Chiara Quiaia intends for the variable-rate initiative to boost the share of agency-owned cards in the market for payments where the agency is merchant of record. Currently agency-owned cards have a 15 percent share (most of it accounted for by online

travel agents) and BSP has 85 percent. “There should not be any excuse now for not accepting an agency-owned card,” she said.

Mastercard’s deployment-fee offset with Conferma Pay also could help warm TMCs to agency-owned cards, which almost invariably are on virtual cards because of benefits such as easy reconciliation. “They will pick up enough of our costs that will allow us to process air virtual card transactions for TMCs at no cost,” said Conferma Pay’s Raymond. “The card schemes see us as a way to expand into central settlement for air and to provide an alternative to BSP. Banks have been frustrated for a long time about being locked out of this market.”

Asked whether a deal with Visa is likely to follow, Raymond said: “We’re proactively working with a number of schemes to offer a similar service because it’s important all of our travel industry customers are able to work with all of our banking partners.”

Commenting on the Conferma Pay deal, Quiaia said: “The aim of the collaboration is to make using virtual cards a simple and frictionless experience. It is worthwhile for the industry because it will remove costs while improving visibility and significantly addressing risks associated with fraud.”

Amadeus also has been working to boost virtual card usage through an initiative called PartnerPay, which brings together agents, airlines and airlines’ acquirers to lower interchange, acquiring and technology costs. Thai Airways and Air Europa are among several airlines on board and, said Alonso, there is “increasing interest from the large network carriers.” ■

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normal, and some
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TMCs with clients
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are paid.”**

—CLARITY’S PAT MCDONAGH

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Rocketrip Acquired by Travel Tech Co. Mondee

Corporate travel savings and incentive specialist Rocketrip has been acquired by Mondee Holdings, which will use Rocketrip's platform to accelerate its growth in corporate travel—a sector in which Mondee “continues to see significant opportunity investment [and] disruptive innovation,” according to the company, which also is active in the leisure vertical.

Mondee—a consortium of travel technology, service and content providers including airfare wholesalers—said it will use its global presence and apply its own travel technology capabilities to bolster Rocketrip's service, which provides travelers incentive rewards for cost-saving booking behavior. Terms of the acquisition were not disclosed.

“Mondee's robust technology platform will dramatically expand Rocketrip's ability to deliver its transfor-

“Rocketrip has transformed behavior in even the most mature travel programs, showing the need for disruption.”

—MONDEE'S PRASAD GUNDUMOGULA

mational behavioral change solution to an even broader range of business travel programs and their myriad technology stacks,” according to Mondee.

“Aligning the needs of travelers with the company is no longer an option but a necessity in this new travel environment,” Rocketrip founder and CEO Dan Ruch said in a statement. “By leveraging Mondee's technology experience and global infrastructure, we will be able to scale Rocketrip's reach like never before.”

Ruch will remain with the company, according to Mondee.

Founded in 2013 with a focus on small and midsize corporate clients, Rocketrip in recent years has expanded its target market to include larger and enterprise-level clients. In 2019, the company rolled out an integration with Sabre's GetThere booking platform and launched a new recommendation tool that identifies the most cost-effective, convenient and relevant flight and hotel itineraries to present to travelers.

“Rocketrip has transformed behavior in even the most mature travel programs, showing the need for disruption in the business travel space,” said Mondee CEO Prasad Gundumogula. ■

CONTINUED FROM FRONT PAGE

Concur Preps Duty-of-Care Network

duty-of-care partners, Koetting said. It includes global distribution system bookings, Concur Request for anticipated bookings, New Distribution Capability and non-GDS bookings as well as TripLink itineraries “of all flavors.” It will not, at this time, include card swipe data.

Asked why the company decided to pivot its strategy on Locate, Koetting pointed to the increasing complexity of the duty-of-care proposition, not only with the Covid-19 pandemic, but also with the unique needs of certain companies and certain travel footprints.

“Although we were proud of our product, we do continue to hear that clients are advocating for more selection in that solution,” he said. “Our previous position of solely supporting a proprietary Locate left many clients still wishing for something else. Then, even for those clients using Locate, many of them still required additional services that were only available from one of those major suppliers. One example, in particular, being medical assistance. So although we tried to meet most of our client needs [with the single partner], we anticipate that this is an area that will continue to be so complex that it would benefit our clients to have enabled relationships directly

with the companies who are specializing solely in these services.”

Many SAP Concur clients already have direct relationships with duty-of-care providers, often enabled by travel management company data. Some corporates have branched out to capture off-channel booking data with products like Concur TripLink or Traxo with the idea of sending that additional data to the duty-of-care partner. In a bid to expand their data net, some TMCs have worked to capture off-channel booking data as well. FCM is notable in this regard. It began integrating data from travel shopping browser plug-in Shep into its TMC reporting in 2019 and in early 2020 took an equity stake in that company.

In the case of SAP Concur's off-channel booking TripLink product, whether that data could be passed along to duty-of-care providers outside of Healix International was a question. BTN reported on one company that was an avid TripLink user that switched its duty-of-care relationship from ISOS to Healix international to take advantage of the TripLink data pass to that exclusive provider. The travel manager reported a significant enhancement in data quality after the switch.

Now that SAP Concur is offering a

similar data set to multiple providers, current Concur users may look to switch the data enablement role from the TMC to the enhanced SAP Concur API offering. Asked whether that competitive position puts SAP Concur in the role of diminishing the TMC, Koetting posited simply that the Concur data set will be superior.

“We would argue that we offer a richer data set of traveler location by virtue of the fact that we capture travel intent if the client is using Request as well as the TripLink and non-GDS bookings,” he said. “There's no doubt that there is and will continue to be some overlap [with TMCs] in our services. I can't forecast whether that will grow. I can say our strategy is unchanged and that we have no ambitions to be a TMC.”

SAP Concur is reaching out to current Concur Locate and Risk Monitoring customers individually to inform them of the change. Any customers whose contracts expire prior to the sunset date, SAP Concur will renew so they have the full year to manage a migration. In addition, SAP Concur will help current Locate customers evaluate the options and refer them to one of the new partner providers.

Concur Travel Gets Tripkicks Data

Meanwhile, corporate travelers booking trips through Concur Travel now can receive relevant data provided by Tripkicks, such as company policy, supplier options and destination safety and risk information, including Covid-19-related data, travel disruption alerts and border and visa entry requirements, Tripkicks announced.

The companies first partnered two years ago, when SAP Concur integrated Tripkicks' rewards and incentivization service into its Concur Travel booking tool, enabling trips booked via Concur Travel by mutual clients to be eligible for Tripkicks rewards. Now, that integration is being expanded to include in-line trip information provided by Tripkicks within the Concur Travel online booking tool.

— Adam Perrotta contributed to this report.

U.S. Carriers Nix Domestic Change Fees

approach the Covid-19 recovery, instead of “defaulting to cuts.”

“As we emerged from previous tough times, we made difficult decisions to survive financially but sometimes at the expense of customer service either by adding new fees or cutting the things that made the experience of flying better simply because they were too expensive,” Kirby said. “United Airlines won’t be following that same playbook as we come out of this crisis.”

The moves come amid an ongoing deeply depressed business travel demand environment, due to the stubborn spread of Covid-19 and associated government quarantines and restrictions on movement. Eliminating those fees, which reached up to \$200, removes an obstacle to potential travel, Cowen analyst Helene Becker told CNN.

“When times were good, the airlines wanted to have people think twice before they canceled,” said Becker. “Now, [the end of change fees] gives people confidence they can book, cancel and rebook.”

The carriers now are closer to the policies of Southwest Airlines, which does not levy change fees. Southwest CEO Gary Kelly this month told attendees of The BTN Group’s online Business Travel Show America conference that even though those particular fees no longer are a point of differentiation, the move still benefits his carrier.

“The industry 12 years ago ... started unbundling fares in an effort to match Southwest’s low cost and low fares,” Kelly said during the event. “It’s work for us to make sure all customers understand that we’re different, and they just made it easier for us. It’s now a point of differentiation we don’t have to explain.”

Travel buyers during the BTS event, held a week after the carriers’ announcements, noted that the new policies likely would have at least some effect on their programs. Discovery Inc. VP of global travel services Yukari Tortorich said the move “will make it easier for us to manage those changes,” and Microsoft global director of travel, VenueSource and payment Eric Bailey said “the way people book will be much more dynamic. It will be ever-changing.”

A FARE-ASSURANCE WINDFALL?

Many corporate programs have incorporated airfare price-assurance technology from third parties like Coupa, FairFly and Trappit, or from travel management companies. Since these tools re-scan booked flights for lower fares and, taking into account change fees, flag rebooking opportunities that yield savings, the carriers’ moves to eliminate change fees could boost the value of these systems, but the details of the new policies adds a layer of uncertainty.

FairFly vice president of global marketing Chris Ulph was bullish on the move, noting fare scans would have to show savings in excess of the change fee to even bother with rebooking for a lower price.

“Historically, we would have to see at least a \$201 drop to make ends meet, let alone make it worthwhile once you factor in if there’s a TMC rebooking fee and then our slice of the pie,” said Ulph. “We would need to typically find \$400 in gross savings for that to be interesting. Now, that is significantly reduced, so our window for rebooking has widened considerably.”

Coupa, meanwhile, which this year acquired Yapta, had some reservations about change-fee policies altering the equation much, given the particulars of some carrier policies and the typical areas where price-assurance long excelled.

“According to our data, customers receive the largest savings on higher-priced international fares since lower-priced domestic fares typically don’t see dramatic price drops outside of the void window.”

—COUPA’S VALERIE LAYMAN

“We believe the impact of airlines eliminating their change fees will have a minimal effect on airfare price-assurance technologies,” Coupa VP of product management Valerie Layman said by email. “According to our data, customers receive the largest savings on higher-priced international fares since lower-priced domestic fares typically don’t see dramatic price drops outside of the void window.”

As with any policy, the devil’s in the details. United’s new change-fee policy includes an apparent slammed door for price-assurance.

In eliminating domestic change fees, the carrier also wiped out the opportunity for retrieving the original ticket’s residual value—foiling the premise of price-assurance.

According to United’s policy: “If the new flight is priced higher, the customer may change for no change fee but must pay the fare difference. If the new flight is priced lower, the customer may change without paying a change fee but no residual value will be given.”

FairFly’s Ulph was aware of United’s price-assurance-hindering policy, which is similar to parameters included in its change-fee waivers this year. Yet, he noted that corporate travel buyers with leverage and relationships often can negotiate relaxed ticket-rule policies with preferred airlines.

American Airlines’ stated policy, meanwhile, is more favorable to price-assurance than United’s. Its new policy states that customers will have to pay the fare difference if the new ticket is higher, but also that “customers will not lose their ticket value if the new flight is less expensive,” according to the policy. “For example, if a ticket cost was \$500 and was exchanged for a ticket that cost \$300 we will allow the \$200 residual for use toward future travel.”

Asked about residual value, Delta said it was “evaluating further policy changes as a result of our announcement,” but “in the meantime, customers continue to have flexibility under the existing applicable Covid-19 waivers through Dec. 31, 2020.” Most carriers for the remainder of 2020 have eliminated all change fees via waivers.

VOID WINDOW, INTERNATIONAL OPPORTUNITIES UNALTERED

Two areas where new change-fee policies won’t affect price-assurance are for rebookings in the void window and, for most carriers, on longer-haul international itineraries, unaffected by the new policies.

The U.S. federal government requires airlines to offer risk-free cancellations or changes within 24 hours of booking. Some fare-reshopping tools and TMCs push this to midnight the day after ticketing. Price-assurance providers and TMCs long have seen this as a ripe opportunity to seize on lower fare pricing, regardless of the vagaries of change-fee policies.

Ulph estimated, on average, 40 percent of fare savings opportunities flagged by its FareSaver product are in the void window, with 60 percent outside.

Like the void window, the long-term price-assurance value proposition for long-haul international tickets is unchanged.

Same, too, with refundable tickets that already afforded flexibility on change fees.

According to Coupa, its Travel Saver airfare price-assurance product has flagged around \$500 million in fare savings. Coupa noted that 47 percent of these fare savings were found in “no-penalty tickets,” while a further 27 percent were found in the void window. Neither are affected by the new policies.

Of the remainder, Coupa’s Layman said the “majority of the savings were found on higher-priced tickets, which tend to be international, long-haul flights—again, not part of the policy changes.” ■

It's Time to Fix What's Broken. What Are We Waiting For?

BY SUSAN LICHTENSTEIN

Every crisis presents an opportunity to fix what was broken. Now that business travel has come to a virtual stop, why haven't we seen the network industry titans come out with better systems? Where is the digitized end-to-end solution, or a business travel booking system that genuinely mirrors how we book our trips? The technologies and software are available today that can digitally connect everything for everyone, to all travel suppliers, without the interference and unnecessary layers we see today in the process.

However, the "innovation" we see coming out now from travel management companies and other suppliers is really about fees. Some are increasing fees for phone calls (we still do that?) and decreasing rebooking fees (that were ridiculous to begin with). We do not see the widespread change that we need and want.

Think about how the Covid-19 crisis brought new ways of having everything we need in our lives delivered all through our phones. Yet, business travel is stuck, and large travel suppliers are not moving forward. Given this lack of innovation, companies are reverting back to sending their travelers through the current outdated model that is inefficient and costly.

Instead, I see smaller, more agile companies that are sensing opportunities in business travel. They are not burdened by the legacy systems and the entrenched and mysterious ways monies flow amongst all the travel suppliers. I get jazzed up when I have discussions with these entrepreneurs who are building some amazing new products and offerings. I only wish I had the same options when I was a travel leader.

Travel buyers are more focused on the safety, health and security of their travelers, and that is where our priorities should be. Still, we have a massive opportunity during this downtime to rebuild our travel programs. The travel business on both the buyer and supplier sides is ready for this change. We could be moving faster to digitize and simplify our processes and enable continuous improvement and innovation. I'm sure we all want our data the same day instead



Susan Lichtenstein is managing partner of DigiTravel Consulting. She is the former director of global travel for Cisco Systems, has held senior roles with Experient and B-there.com, and in 2017 was inducted into the BTN Group's Business Travel Hall of Fame.

Instead of trying to climb back into the same box that wasn't working, let's have the experience drive new solutions and drive innovation. Take advantage of this time and make the overdue changes today.

of 30 to 60 days post-travel.

Are you content with the way things are working today in the travel industry?

- Do you want to continue down the same-old request-for-proposals path that never produces the results you need and takes so much time and money?
- Do you want your travelers to continue having poor user experiences because they are forced to use outdated technologies provided by suppliers that don't meet their evolving needs?
- Do you want to keep overpaying for services you no longer need because your suppliers have you constrained by old ways of doing things?
- Do you want to continue having your suppliers tell you how to pay for services instead of you telling them how you want to pay?
- Do you want to be locked into a metaphorical box that stifles your program by not allowing continuous improvement?

This is quite a list of frustrating obstacles that have emerged over the last few decades, but now is an opportunity to do something about it. This is the time to build a fluid, flexible and scalable program that will save money on the cost to manage your travel program, reduce supplier spend and achieve complete control of your program, regardless of how your travelers book their trips. You can liberate yourself and your company from the never-ending request-for-proposals process that doesn't yield the results you need and takes so much time and money. Break out of this rigid box to a world of continuous improvement. Stop overpaying in every part of your program. Achieve 100 percent visibility of every traveler all the time, regardless of the booking and spending channel they use.

Now is the time to say, 'Enough!' You currently have a seat at the CEO and CFO tables. They are listening. Instead of trying to climb back into the same box that wasn't working, let's have the experience drive new solutions and drive innovation. Take advantage of this time and make the overdue changes today. Reach out to your stakeholders and travelers and tell them you are ready to make their travel experience better.

The year 2020 has been hard in so many ways, but we can make it the start of the change we want and need.

Seize this time as our opportunity to break out of the box. ■

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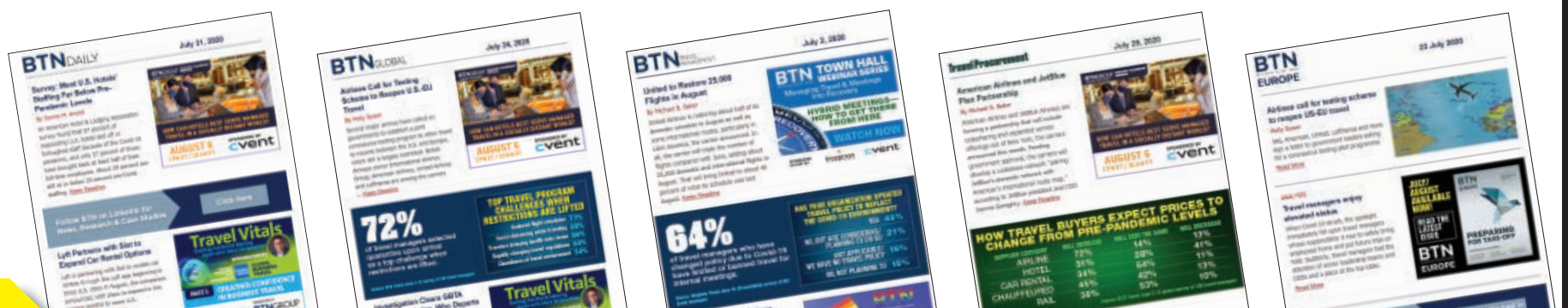
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