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November 2, 2020



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Sincerely,

Dave Harvey
Vice President
Southwest Business



Dear Business Travel Leader,

Corporate travel continues to experience its biggest challenges ever. Despite the obstacles, travel leaders have demonstrated their resiliency, perseverance and ability to adapt to rapidly changing conditions.

The biggest learning over the last eight months? You can no longer afford to accept the status quo of antiquated, legacy TMCs and T&E management tools that cannot adapt with you.

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We can't wait to see you again in person. Until then, enjoy this Business Travel News 2020 State of the Industry Report, providing insights into the move by organizations large and small to modern T&E management.

Danny Finkel
Chief Travel Officer
TripActions



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Christina Woronchak
Chief Revenue Officer
Deem



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The important research within will serve as a valuable resource for corporate travel managers as they determine their global travel strategies in an industry adjusting to new travel norms and expectations.

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While the events of 2020 have had a profound impact on managed travel, they also present an opportunity for reinvention. For professional travel managers, it could mean the need to restructure their programs, develop strategic partnerships or reinforce compliance to prioritize the safety and wellbeing of employees. As confidence in travel continues to grow, travel managers should use this time, insight and momentum to make strategic changes to their programs, enable efficiencies and redefine priorities as we approach 2021. You can trust that our IHG teams from Global Sales to the on-property experts at our hotels around the world are dedicated to partnering with you to help create an exceptional experience as we build back even better, together.

IHG is grateful to be a trusted travel partner to many of the world's great companies. We are pleased to sponsor this special issue and hope that you will find the content useful for optimizing your corporate travel program.

Warm regards,

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

Travel Management Beyond Covid-19

The travel industry has been decimated by the novel coronavirus since January. Pockets of recovery in a handful of Asia-Pacific countries show that stopping the virus will bring economic relief, regenerate business and restart business travel. When that happens, travel managers told BTN they will return to a different program landscape. One that takes into account issues that, prior to the Covid-19 pandemic, may have registered only on the fringes. But our world has changed, and travel management may need to change with it.

It's difficult to peg the Covid-19 pandemic in a moment in time. Its march—surging and now resurging throughout Europe, the United States and South America—is a continuous exercise in testing and reporting catching up to infections that already have happened, days or even weeks in the past. As an industry, the travel sector can only chase this number and mitigate with cleaning and capacity protocols and by adjusting operations and services to meet demand that is dwindling and accelerating in erratic waves. A global snapshot of Covid-19 infection rates is pictured at right, courtesy of travel safety and security firm Global Guardian. It speaks volumes on its own and is likely to change radically on a market-by-market basis throughout the fall and winter months.

Aside from trying to understand infection rates in each market, government-imposed border policies are another frustrating factor for the industry. As of BTN's Nov. 2 press time, renewed lockdowns and curfews had been announced in Belgium, England, France, Germany, Italy and Spain in the past week. Headlines at BTN Europe read 'Confusion and Concern over International Travel.' Meanwhile,

our North America website read 'Looking for a Bubble: Carriers Explore Routes Around Quarantine Requirements.'

The effects of Covid-19 on our industry and the efforts to maneuver through the devastation are well documented in this State of the Industry issue. You'll read about travel suppliers working through immense operational and financial challenges. You'll read about travel buyers pivoting their job responsibilities, becoming incredibly strategic partners for their organizations on the remote working reality, safe return-to-office strategies and redesigning business travel to support critical relationships. You'll read about new policies for travelers, a transformative focus on travel safety and security and keen observations about how travel buyers and suppliers will move through the pandemic in business travel partnership.

THE EVEN BIGGER PICTURE

As the industry grapples with immediate survival issues, dialogue also has begun around what managed travel will look like once Covid-19 challenges subside. Our industry conversation is beginning to touch on some of the major issues affecting our lives and world, which now also may critically affect how

business travel strategy and travel management practices will be configured moving forward. The Covid-19 crisis has inflamed long-simmering geopolitical friction; laid bare diversity, equity and human rights issues; and underscored the effects of travel on climate change even as it largely suspended that activity.

Three-quarters of travel managers surveyed in BTN's State of the Industry research said such issues would be material in how they piece their travel programs back together and in how their organizations would conduct future business travel.

GEOPOLITICS AN INCREASING CHALLENGE

Geopolitical issues were the greatest concern among travel managers surveyed. Nearly 60 percent said fractured relations between countries, as well as social upheaval caused by government policies in relation to their own citizens were creating issues for travel management. Hotels and airlines already were citing trade issues between China and the U.S. as a key contributor to acute third- and fourth-quarter earnings contraction in 2019, pointing to a slowdown in business travel particularly in the

58%
Travel buyers surveyed who were concerned about buffering their travel program from serious impact of geopolitical friction.

manufacturing and automotive industries. Social unrest in Hong Kong seriously upended a very strong meetings and events industry there as well, affecting the local economy and supplier balance sheets.

McIndoe Risk Advisory president Bruce McIndoe told BTN to look for more—and potentially drastic—changes in travel and meeting patterns as global trade alliances shift over the long term, largely along a U.S./China fault line.

“China’s rise will create a ‘Team China’ and ‘Team Rest-of-the-World,’” he said. “This could create huge barriers for transport between these two spheres. You may have onerous entry requirements and a surveillance state.” It’s likely, he added, that such geopolitical alliances will

go beyond travel restrictions all the way to business structures and then circle back again to limit travel patterns even more. “As that percolates, we will end up with parallel camps that could ultimately result in bifurcated companies—one side that serves Team Rest-of-the-World with shares and value that go to the West and one side that serves Team China where shares and value go to China.” In that world, business travel begins to look much different.

These issues aren’t limited to the U.S. and China. Scarce resources, business value and government finances actively affect business travel policies and logistics right now. Take the rising prevalence of taxation enforcement on cross-border workers, particularly in Europe. While the

32%

Travel buyers who said diversity and racial equity issues would impact how they configure their travel programs moving forward.

regulations have been on the books for years, jurisdictions now look at business travel in addition to expatriate workers when calculating these obligations.

Deloitte, EY, Concur and other providers are automating advisories for businesses to monitor the number of days employees are working in foreign tax jurisdictions either to limit time allowed in the market and avoid paying such taxes or to comply with requirements lest they get fined. It happens in the U.S. as well, as states strapped for resources pass new laws both to enforce and facilitate tax obligations from international workers.

Buyers also cited localized social issues like the yellow vest protestors in France as disrupting their business travel

COVID-19 WORLD RISK MAP



Source: Global Guardian, Nov. 2, 2020

management, shutting down the Metro and causing airlines like Air France-KLM, British Airways, EasyJet and Ryanair to cut flights last December. Eurostar train service also was curtailed at that time.

Travel safety and security firm Healix International issued business travel warnings leading up to election day in the U.S., cautioning travelers to avoid protest hot points, and to 'plan contingency routes as preferred routes may be blocked.' As if on cue, roadside demonstrators clogged traffic and shut down major thoroughfares in New Jersey and Texas over the weekend leading up to the election.

DRIVING CHANGE TO DIVERSITY, EQUITY & HUMAN RIGHTS

Summer protests throughout the U.S. might have stymied business travel if Covid-19 had not done it first. Outrage following George Floyd's death on the streets of Minneapolis crystalized an equity and human rights movement that the U.S. has not seen since the Civil Rights protests of the 1960s. Derek Chauvin, a white former Minneapolis police officer, has been charged with second-degree murder for pressing his knee to Floyd's neck for more than eight minutes during an arrest in a restraint technique that since has been banned by the Minneapolis police force and others—and continuing the hold even as Floyd, a Black man, gasped for breath and said, "I can't breathe," as he died. The murder case is expected to go to trial next year.

The death, which was caught on cellphone video by a witness and distributed on social media, gave a voice and put a face on systemic racism in the United States. It reopened the communal wounds of other Black

victims of alleged police brutality: Breonna Taylor in Louisville, Ky.; Eric Garner in New York; Michael Brown in Ferguson, Mo.; among many others. It also gave a rallying cry, 'I Can't Breathe,' as a symbol of the Black experience in the U.S.

Clear factions have formed around the issue, with Blue Lives Matter, representing violence against police, and Black Lives Matter movements both gaining momentum and clashing physically in cities across the U.S. and rhetorically on social media.

In the business world, however, CEOs across industries including travel have voiced an awakened sensitivity to systemic racism, unconscious bias, social injustice and the obstacles these phenomena have placed in front of generations upon generations of Black Americans along with other minority groups.

American Airlines courted controversy when it allowed Black Lives Matter pins to be worn by employees until it could develop an official pin that would join a collection of cause- and faith-supporting pins that includes Christian, Jewish, LGBTQ, veteran causes and others. The airline held back official support for the Black Lives Matter movement itself. Delta went further, raising a Black Lives Matter flag at its headquarters in a show of solidarity. In a memo to employees, Delta CEO Ed Bastian cited employment statistics that revealed inequalities in the ranks of that company, and he pledged to do better:

"That is not a picture of equity, nor is it reflective of the world we serve. As your leader, I take ownership of that performance and am committed to correcting our course as we become a more just, equal and anti-racist company."

"I lifted up my head that morning and realized I never saw anyone like me at my work. Where are all the other Black travel managers?"

Fidelity International / TAMS Diversity & Equity Committee's Carol Fergus

This effort will require intentionality from every member of the executive team and determination at every level of the company. Every Delta leader must take personal, vested ownership in solving for the burdens Black and Brown communities have been carrying for too long. Our progress will be measured, and we will be accountable for achieving these goals.

Other industry leaders voiced similar concerns, including Marriott International, which was rated No. 1 among DiversityInc's 2020 list of Top 50 Companies for Diversity & Inclusion. In a statement signed by executive chairman J.W. Marriott Jr., CEO Arne Sorenson and chief diversity officer David Rodriguez, the company wrote:

We believe that the lives of George Floyd, Ahmaud Arbery, Breonna Taylor, Rayshard Brooks and countless others matter and were lost to a society where pervasive racism exists. We believe that racism should be eradicated.

We believe in equality, justice and putting people first no matter what they look like, where they come from, what their abilities are or who they love.

We believe each person deserves to be recognized for who they are and respected for both our common humanity and the distinct qualities that make us unique. It is from those unique qualities that we draw strength as a company and as a society.

These are the types of statements travel managers may look for as they establish travel program partners beyond Covid-19. The newly formed Travel & Meetings Standards group,

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- Judy Payne, Director of Meetings and Travel

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ENTERPRISE EDITION

which formed over the summer to fill a leadership gap in the industry, created a Diversity, Inclusion & Equity committee to drive dialogue around these issues in the travel industry and to push for change in how companies source travel partners and what the expectations should be.

The committee is advocating for more than people of color, but also for the LGBTQ community and gender equality issues, said committee co-chair Carol Fergus, who also is the global travel manager for Fidelity International. Yet her own awakening came after she saw the video of George Floyd's death and realized she had to get more involved.

"I lifted up my head that morning and realized I never saw anyone like me at my work. Where are all the other Black travel managers? Black people sitting on advisory boards or Black sales directors? The way to change that is for people like myself to stand up and do what I am doing. Ask suppliers the questions, look at recruitment and training programs and look beyond the security manager and the front desk reception and the [server at the] café.

"You have to look into offices and the sales teams and executives. Don't tell me the company is diverse until I can see those levels of the company." The same is true, she said, for women and other minorities. "Those executives can make the statements, but we have to measure how that plays out in reality."

Like those travel CEOs, many corporate leaders are looking at their own employee ranks and those of their supply chain to drive change. They may be pushing their sourcing officers to meet these goals.

That could mean broadening the net of candidates for travel partnerships, said Fergus, speaking in October on a BTN Innovate conference panel.

"We need to take the time to see those potential partners and figure out where they fit into the mix," she said. "It's not about awarding business just because they fit a certain profile, but opening up the search to those who might not obviously be a fit but then vetting them on a level playing field given what they bring to the table."

SUSTAINABILITY GOES BEYOND A CHECKBOX FOR TRAVEL MANAGEMENT

While it's playing out as a more critical concern among European travel managers than it is among their North American colleagues, climate change has become a driving concern for a quarter of travel managers surveyed by BTN. Again, it's an issue underscored by protest. Extinction Rebellion as recently as the middle of October attempted to shut down London City Airport, according to Reuters. While such protests and disruptions may be one challenge for travel managers when travel can begin again in earnest, it's wholly another challenge to combat a company's carbon footprint and still facilitate business travel.

Consulting firm BCG is one company among many global counterparts like Capgemini, EY, Lego and Siemens, along with North America-based tech pioneer Microsoft, that has put a great focus on reducing carbon emissions. BCG is committed to reducing emissions by 30 percent per employee by 2025, managing director and partner, global operations services, Kathryn Bell told BTN last month. Change may be difficult for the firm, whose clients place a high value on being together with their consultants to forge creative solutions for business challenges, she said.

"We need to respect the core of our business and the value cre-

24%
Travel buyers who said climate change would push their companies toward more sustainable business travel practices after Covid-19.

METHODOLOGY:

BTN fielded the 2020 State of the Industry survey from Sep. 7 to Oct. 7 to a select qualified travel buyer-only respondent base with 365 returns. Not all buyers responded to all questions. Of the total respondent base, 85 percent were based in North America and 12.5 percent were based in Europe. Many buyers indicated travel management purview over multiple regions. Nearly 40 percent of respondents managed more than \$25 million in total travel spend in 2019. For the full methodology and demographics, visit businesstravelnews.com.

ation for our clients, but also the employee value proposition. So we've looked across our whole business and looked at why we travel. The data piece of this is so fundamental because we will pull those levers to meaningfully reduce emissions without impacting the value we create for our clients," she said.

That means reducing travel overall and identifying those occasions when virtual platforms can provide a meaningful substitute for physically being there. For BCG it also means working with a new portfolio of providers to offset the carbon footprint of travel. "Where we can't [reduce, we will] compensate with a mix of nature-based and engineered [carbon] removal projects," she said, citing reforestation efforts as well as engineering projects that remove carbon from soil and oceans. "They can be expensive," she said. "But there are organizations... beginning to prove themselves."

Travel technologists are looking for ways to make carbon measurements easier for travel managers who may not have sustainability officers to support their work and, therefore, have been struggling even in an environment where a "checkbox" strategy has sufficed. Thrust Carbon, a data service that delivers granular emissions data on travel activities, is looking at booking tool partnerships in the corporate travel space and was awarded the Innovator of the Year award at the BTN Group's Innovate conference.

As companies push toward sustainability and travel managers raise awareness at the point of sale, including how much carbon might be saved by not traveling, business travel may look different after Covid-19. ■

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Suppliers Seek Relief as Consequences Mount

As the business travel industry's most wrenching year draws to a close without a vaccine for the virus that has battered suppliers of all sizes and with a full return of corporate travel seemingly years away, suppliers have turned to government and private sources to secure the funding necessary to stay afloat. Some say they've maxed out cost-cutting efforts, and some warn of calamity without more support in an environment where current business travel revenue levels simply aren't sufficient.

The stakes are as high as they come. Hundreds of thousands of business travel industry jobs are in the balance. And though some suppliers have expressed confidence that their efforts to control costs and secure outside funding will enable them to ride out the rest of the pandemic, others aren't so sure.

There have been business casualties. Hotels have closed permanently. Tens of thousands of employees have been furloughed or laid off. Some smaller companies have sought the shelter of an acquisition by a larger firm.

And though some suppliers have pointed to perking-up domestic leisure travel as something of a lifeline for now, the prospect of increased higher-revenue business travel remains a dim, fuzzy light on a distant horizon: Airlines Reporting Corp. weekly data still show year-over-year declines in air tickets booked by corporate travel agencies exceeding 85 percent, with only marginal improvement from the summer.

While the overall air passenger

demand environment has crept up from their springtime depths, International Air Transport Association director general and CEO Alexandre de Juniac called August traffic "disastrous" with international recovery "virtually non-existent."

Hotels' performance hasn't been quite that dire, with year-over-year decline in monthly occupancy rates in the U.S. and the Asia/Pacific region easing each month through September, according to STR, although European occupancy has been less consistent.

With new Covid-19 cases increasing at an alarming rate in the United States and parts of Europe, many suppliers feel insecure. In fact, more than six in 10 suppliers and travel management company members surveyed Oct. 12-17 by the Global Business Travel Association indicated it's at least likely their companies will undergo another round of furloughs or layoffs without more government support. Nearly one in 10 think it's likely their companies would go under, according to the survey of 353 respondents.

"There definitely are some concerns about the financial health of many of the suppliers," said Mark Williams, managing director of the Americas for business travel consultancy Nina & Pinta. "Those that were fortunate to go into the Covid-19 situation with better than average balance sheets should be fine. On the other hand, those with marginal or suspect balance sheets in March are struggling and may not survive. I think we will see more consolidations in the TMC space, and it is likely we will see some bankruptcies—some Chapter 11, but some Chapter 7."

No major U.S. business travel company has ceased operations as a result of the pandemic, although several have declared bankruptcy in the U.S., including Hertz Corp. and foreign carriers like Virgin Atlantic and Latam, among others. (It's not a supplier, but the Association of Corporate Travel Executives also ceased operations.)

Individual hotels have closed, including high-profile urban properties, and the American Hotel & Lodging Association has warned there will be more without additional government relief. About half the hotel owners the group surveyed in September indicated they are in danger of foreclosure.

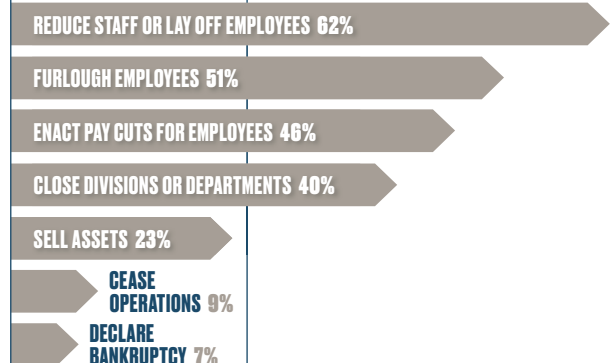
"As an industry, we've had a bumper decade of growth without the need to overtly worry about financial health, so this period is

"It is likely we will see some bankruptcies—some Chapter 11, but some Chapter 7."

Nina & Pinta's Mark Williams

SUPPLIERS FEAR MORE FINANCIAL CONSEQUENCES

GBTA respondents who consider actions "very likely" or "likely" without adequate additional government assistance



Source: Global Business Travel Association Oct. 12-17 survey of 353 supplier and travel management company members

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concerning,” according to Festive Road managing partner Caroline Strachan. “We can see some natural shaking up of the ecosystem, with those backed by investors buying up entities to progress their strategy at a faster pace, no doubt at a bargain price.”

FEDERAL APPEALS

The government relief sought by AHLA as well as several other supplier organizations, notably the U.S. Travel Association, Airlines For America, the International Air Transport Association and the American Society of Travel Advisors, among others, could serve as a lifeline for countless hotel owners, smaller travel agencies and ground transportation operators to help keep their operations afloat and employees paid.

Nearly every large country’s federal government has extended some level of financial support to their travel industry suppliers. In the United States, the Coronavirus Aid, Relief, and Economic Security Act, better known as the CARES Act, established a variety of loan programs suppliers could access, and many did. But no deal has been reached on a second round of legislation (see sidebar).

Other countries have extended loans, as well. Just to name a few, the United Kingdom through its Covid Corporate Financing Facility extended loans worth hundreds of millions of pounds each to British Airways, RyanAir and Intercontinental Hotels Group, among others; and Lufthansa negotiated a €9 billion loan from the German government.

In the U.S., the CARES Act established the Treasury Department’s Payroll Support Program, which afforded airlines loans provided they retain employees on the payroll. But that expired Oct. 1, leading to tens of thousands of furloughs by some carriers.

“My focus is on getting the payroll support extended. That is Plan

A,” Southwest Airlines CEO Gary Kelly said during an Oct. 22 earnings call. “And I’m optimistic that still could happen. And if it does ... I think it puts us in a very good position where we don’t have to ask any of our people for a pay cut, much less seek a furlough.”

American Airlines CEO Doug Parker during an Oct. 22 earnings call defended his airline’s push for more support. “There’s another question we sometimes hear, which is, ‘Well, okay, that’s all well and good, but if things won’t be better six months from now that you’re going to need it again.’ I don’t think so,” he said. “I think six months from now certainly you’ll see a better environment than we have today irrespective of what may or may not have happened as it relates to the pandemic itself, because people are getting more and more comfortable with travel and cities are opening up and business is returning somewhat.”

It’s unclear, given continuing negotiations, whether airline support in a second round would take the same form as the first. “The unknown is how much stimulus the industry will ultimately receive from the federal government,” Williams said. “The initial round of airline stimulus probably saved some bankruptcy filings.”

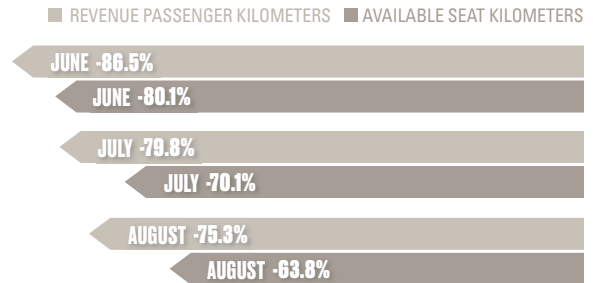
MIDSIZE AND SMALLER CONCERNS

Small and midsize U.S. suppliers are in a far different position than major carriers, but have taken similar actions to weather the pandemic. Most have cut costs and many of those with fewer than 500 employees have sought U.S. federal loans under the Paycheck Protection Program, established by the CARES Act. For some, that’s sufficient for the moment to stay the course.

“We’ve been fortunate that we’ve had a strong balance sheet going into this, not having to answer to Wall Street or to any

AIR TRAVEL DEMAND INCHING UPWARD FROM THE BOTTOM

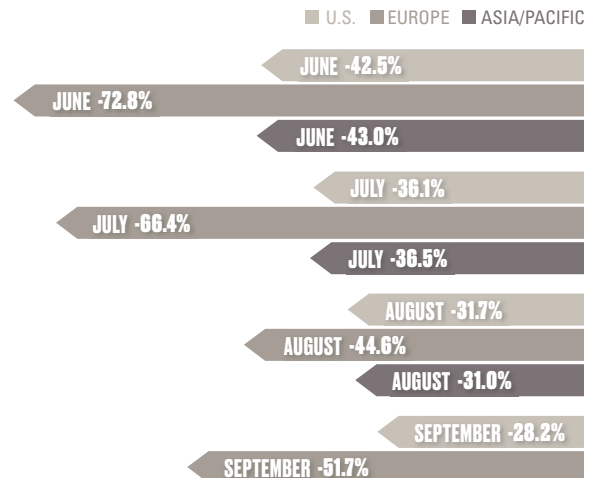
Year-over-year changes in global airline demand and capacity



Source: International Air Transport Association

HOTELS GRADUALLY RECOVERING, BUT INCONSISTENTLY

Year-over-year changes in total hotel occupancy level by region



Source: STR

ARC: U.S. LEISURE AGENCIES’ RECOVERY IN AIR TICKETS EXCEEDS CORPORATE

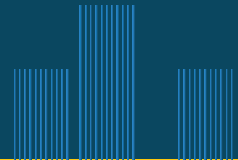
| 7-DAY PERIOD ENDING | AGENCY TYPE, YOY CHANGE | | |
|---------------------|-------------------------|----------------|----------------|
| | CORPORATE | ONLINE | LEISURE/ OTHER |
| Sept. 27 | -86.3% | -51.1% | -71.2% |
| Oct. 4 | -86.1% | -51.0% | -71.5% |
| Oct. 11 | -85.7% | -49.8% | -69.7% |
| Oct. 18 | -85.4% | -48.1% | -69.2% |
| Oct. 25 | -84.8% | -49.6% | -67.6% |
| Year to date | -69.09% | -53.56% | -61.34% |

Source: ARC



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venture capital,” said primarily corporate travel agency Fox World Travel CEO Chip Juedes, who co-owns Fox with his father, David. Fox qualified for a PPP loan, Chip Juedes said, which “lengthened our runway,” but he said keeping costs low has been the key.

“My father and I, as the only two owners of the organization, have saved for a rainy day ... and we are now in the rainy day that we didn’t see before,” Chip Juedes said. “We’re taking the opportunity at Fox to come out of this stronger, which is the same thing

we did after 9/11 and in the 2008 [downturn], and really we went into this lean. And as we saw in both of those situations, those that went in lean were able to come out lean.”

Fox hasn’t made permanent reductions in its workforce, but has implemented temporary furloughs, Juedes said.

Some smaller companies, particularly tech suppliers that focus on the business travel industry, have had a trickier time going it alone. Several have been acquired by larger firms since

“My father and I have saved for a rainy day ... and we are now in the rainy day that we didn’t see before.”

**Fox World Travel’s
Chip Juedes**

the beginning of the pandemic, including 30SecondsToFly by American Express Global Business Travel, Freebird by Capital One, WhereTo by Flight Centre Travel Group, and Rocketrip by Mondee Holdings.

“When the pandemic hit, it decimated our revenue,” WhereTo founder Ryan Wenger told BTN portfolio mate The Beat upon the company’s acquisition. “We had a choice. We either had to hibernate and let go of a huge amount of our company or get acquired.”

Whatever the next steps for the industry’s suppliers, they’re preparing for a hazardous 2021, with one eye on the bottom line and the other on the development of a vaccine and additional testing protocols. In the meantime, their financial status could complicate their relationships with travel buyers, who now must consider their suppliers’ viability when maintaining their own splintered travel programs.

“I do see buyers taking supplier financial viability into account when going to market. While no one wants to see suppliers fail, the fact is some will,” said Nina & Pinta’s Williams. “Buyers will need to source most categories in the near term; there have just been too many changes to allow agreements in existence in 2019 to survive going forward. And buyers should take all of this into account in working with suppliers.”

Added Digitravel Consulting managing partner Susan Lichtenstein, “This is the right time to determine goals and strategies in this new norm and what you need from your program. We’ve never had time to look at our programs and make adjustments because we were always processing transactions. Don’t just accept new fees at this time. Now is the time to reassess your overall corporate travel program and precisely the value your program brings to you and your travelers.” ■

ANALYSIS: THE POLITICS OF RELIEF

When President Donald Trump on Oct. 6 abruptly ended via tweet further negotiations with House Democrats on another U.S. federal Covid-19 relief package until after the Nov. 3 presidential election, a stunned business travel supplier community reacted with alarm and dismay. Supplier associations issued delicately worded statements, not criticizing Trump or any other official by name but beseeching officials for aid and imploring action, and by day’s end Trump had reversed course, calling instead for an airline bailout package, again via tweet.

The episode proved only a sidenote—negotiations continued, and Trump made no further threats—but it illustrates what has been a chaotic and, for travel suppliers, frustrating and thus far fruitless process. At press time one week before the election, no deal on a new relief package between the two primary negotiators, Treasury Secretary Steven Mnuchin and Speaker of the House Nancy Pelosi (D-Calif.), had been reached, much less one that also could gain the votes of enough Republicans in the Senate to pass that chamber.

The results of the election will have a significant effect on the legislation. Should Trump win reelection—and polls suggest he’s an underdog—there’s no guarantee the administration will keep their proposal on the table as-is, with the election in hand, particularly given Senate Majority Leader Mitch McConnell’s (R-Ky.) stated discomfort with its \$1.8 trillion price tag. Should former Vice President Joe Biden win the presidency, there would be little incentive for Democrats to deal with a lame-duck Trump administration, particularly if Democrats capture a Senate majority. While Mnuchin and Pelosi theoretically could strike a deal in the lame-duck period, the prospect of them reaching one that also satisfies Senate Republicans seems vanishingly unlikely.

Biden has said a relief package would be an immediate priority for his incoming administration, and it may well be that the industry would need to wait until after a Jan. 20 inauguration for federal action on additional loans and aid packages.

But other terrain could shift in a Biden administration, as well: One of Pelosi’s primary objections to Mnuchin’s proposal is its included protections from liability for employers whose employees catch Covid-19 on the job. That’s a key issue for travel suppliers, and may well represent their next fight.

—Chris Davis



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Testing Schemes Could Reduce Quarantines in 2021

Nearly 80 percent of travel managers are hopeful that testing will restart international travel

International business travel will not revive while visitors are routinely quarantined on arrival. That is the clear verdict of the 335 travel buyers polled as part of BTN's 2020 State of the Industry Survey. An overwhelming 93 percent said that if quarantining persists as a precaution against coronavirus, their company would either allow international travel only on a mission-critical basis or disallow it entirely.

Quarantining after outbound or inbound foreign trips, or both, is almost ubiquitous worldwide, the usual period for isolation being 14 days. Stressful, unproductive and expensive, mandatory self-isolation has effectively made all but the most important international business journeys unconscionable. Even where a quarantine requirement is not in place, the fear it might be imposed (dubbed "quarantine bingo") deters all but a few.

The travel industry is proclaiming increasingly loudly that testing passengers for coronavirus is the way out of the problem. Travel buyers agree: 79 percent of BTN's survey respondents gave global testing schemes the thumbs-up, while 11 percent gave a thumbs-down and 11 percent indicated "it depends."

"Anything that's simple and

proves what travelers have would definitely resurrect people to come out and fly again," EY global head of travel, meetings and events Karen Hutchings told a BTN Europe podcast audience last month.

But while it might restore confidence in boarding an aircraft, numerous unresolved concerns expressed by governments, medical professionals and indeed some travel managers leave testing far from being the silver bullet that will restore unhindered business travel. The 11 percent who said "it depends" may have made the right call.

CAN INDUSTRY & GOVERNMENTS AGREE ON TESTING PROTOCOLS?

Part of the ambiguity rests on there being broadly two kinds of coronavirus testing. The first, an antigen test, is described as a "one-day pass" by David Sarafinas, VP of travel risk management at Collinson, which has introduced testing services at various airports. According to Dr. Adrian Hyzler, chief medical officer for risk management and medical assistance company Healix, an antigen test detects if someone is contagious. "It shows whether there is enough virus in your nose and throat to infect other people," Dr. Hyzler said. "It's a way of making

people confident enough to get on a plane."

Antigen tests are cheap and results are available within minutes. The other kind of test is a PCR (polymerase chain reaction) test, which is what hospitals use. It is highly accurate in detecting whether the virus is present in any quantity, even before a person becomes contagious, and is therefore more relevant to immigration authorities determining whether to admit a traveler.

However, PCR testing does present challenges. It is more expensive: Collinson charges \$200 to \$225, double its fee for antigen testing. Obtaining a result also takes much longer – usually measured in days rather than hours, although Sarafina said Collinson is capable of a 24-hour turnaround in London and could potentially reduce to 3 to 5 hours if lab facilities were available at the test site.

Other questions arise. Speaking in the same BTN Europe podcast as Hutchings, Gray Dawes Group chief commercial officer David Bishop wondered how test data could be incorporated into managed travel systems. "This needs to be embedded into our ecosystem pretty quickly ... but how it fits into the GDS I don't know," he said.

"I do not see a way around a seven-day quarantine, especially for travelers coming from a country with a high prevalence of Covid."

Healix International's Dr. Adrian Hyzler

There would also have to be international acceptance of a testing regime. "Consistency is very important. Some countries won't accept tests carried out in other locations," said a European travel manager, speaking on condition of anonymity.

But most importantly, will governments accept that PCR tests allow them to lift quarantine requirements? The answer in many cases looks to be no: Testing will reduce quarantines from the standard 14 days but not eliminate them. UK transport secretary Grant Shapps told an Association of British Travel Agents convention in October that his government is working on testing after one week of quarantine, paid for by the passenger.

According to Hyzler, two studies have shown not all infected passengers can be caught through screening on arrival but can safely be released after seven days. The more recent, and larger, study, backed by Air Canada, saw 13,000 passengers self-test on day of arrival at a destination and then seven and 14 days later. Of the 1 percent who tested positive, 80 percent tested positive on day of arrival, 20 percent seven days later and none on day 14.

"I do not see a way around a seven-day quarantine, especially for travelers coming from a country with a high prevalence of Covid," said Hyzler. "But if someone is coming from China, there is no reason for quarantine."

ARE THERE REASONABLE RISKS?

As this last remark implies, trade-offs between total infection risk elimination and getting economies moving again are likely. Japan and South Korea have already lifted quarantine

requirements for short-term business travellers who test negative on arrival, and there are reports of planned "air bridges" from the U.S. to the UK and Germany. Governments are also mindful that quarantines are hard to police: Many individuals ordered to self-isolate fail to do so.

Clive Wratten, chief executive of the UK's Business Travel Association for travel management companies, is optimistic testing will help. "We are seeing other tests coming down the line that are quicker and more accurate and that's when we will get business moving again, but I think PCR tests can work now and that shouldn't preclude us from going ahead," he said. "There are a number of people who want to start traveling now."

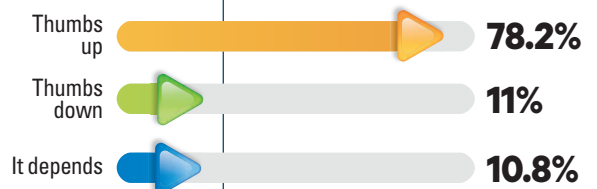
But do they? "Quarantining is one reason businesspeople don't want to travel but it's not the only one," said Jörg Martin, principal of CTC Corporate Travel Consulting in Germany.

Harriet Washburn, Rolling Meadows, Ill.-based sourcing director for Gallagher, agrees. "People are concerned for their own safety [if they have to travel] and the people they are proposing to meet are concerned about meeting them; and the offices where they would normally meet are closed anyway," she said. "My concern is a test is only good for the time when a person is tested. Travelers could be exposed at the business meeting and then they could expose others on return. It's not a panacea that opens the floodgates and lets people go back to traveling."

Washburn believes business travel will only start to return substantially once a vaccine is widely available. Hyzler agrees but warns that trial and error,

literally, make establishing an effective vaccination regime a lengthy process, even if the first vaccines are introduced very soon. "Pandemics don't go out with a bang; they fade with a whimper," he said. "I imagine it will be into 2022 before we are in control of this." ■

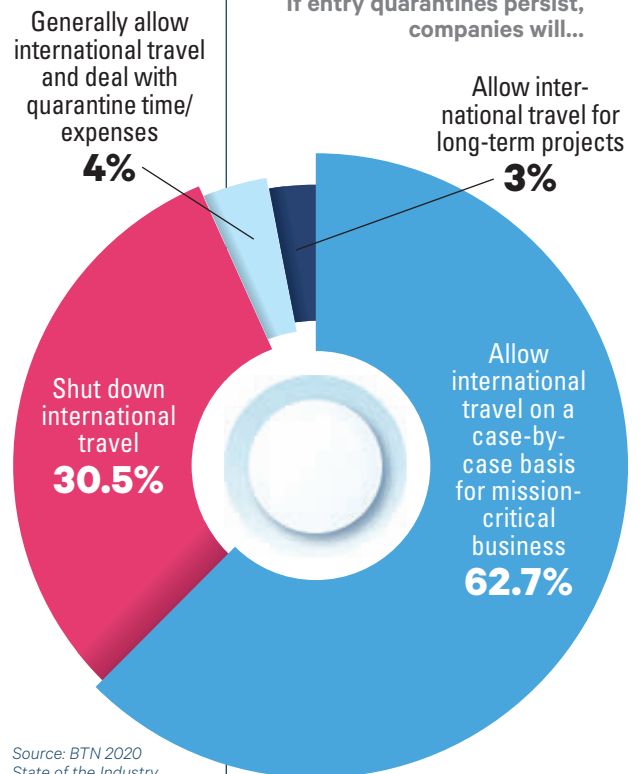
BUYER DISPOSITION ON GLOBAL TESTING SCHEMES



Source: BTN 2020 State of the Industry Survey, 335 Travel Buyer Respondents

QUARANTINES STRANGLING BUSINESS TRAVEL

If entry quarantines persist, companies will...



Source: BTN 2020 State of the Industry Survey, 335 Travel Buyer Respondents

Have We Reached Peak Zoom?

As travelers return to the road, they will articulate the essential need for their trips and will travel under programs offering more digitized support on the journey and more focus on duty of care.

The Covid-19 pandemic has forced employees, travel managers and C-suite executives to reassess the value of travel. Many have concluded that, despite avid use, virtual meeting platforms and remote teams may not be the ultimate future of the workplace. As often is the case, the latter group may be the most important convert to the church of conducting in-person business, and C-suite fervor for human contact may be shifting.

An October report from National Public Radio cited the CEOs of American Airlines, JP Morgan and Microsoft remarking on the shortcomings of virtual meetings. While American's Doug Parker has a clear business bias toward fewer Zoom meetings, presumably Microsoft's Satya Nadella, whose technology universe includes Microsoft Teams, does not. Nevertheless, among the three leaders, words like "awful" (Parker), "transactional" (Nadella) and lacking "creative combustion" (JP Morgan's Jamie Dimon) typified their views of online meetings. Nadella went on to say, "30 minutes into your first video meeting in the morning ... you're fatigued," according to NPR.

Parker, for one, has suggested that the constant parade of Zoom meetings ultimately may result in a surge of business travel demand.

Perhaps not every CEO feels the same, but one thing's for

sure: In-person interactions—and often that means travel—have the attention of the C-suite as a productivity tool, as the vital connection for cementing relationships and as the flint in the "creative combustion" that drives innovation. Festive Road managing partner Caroline Strachan called on the cliché of the lovesick to describe the situation: "You don't truly value something until you have it taken away," she said.

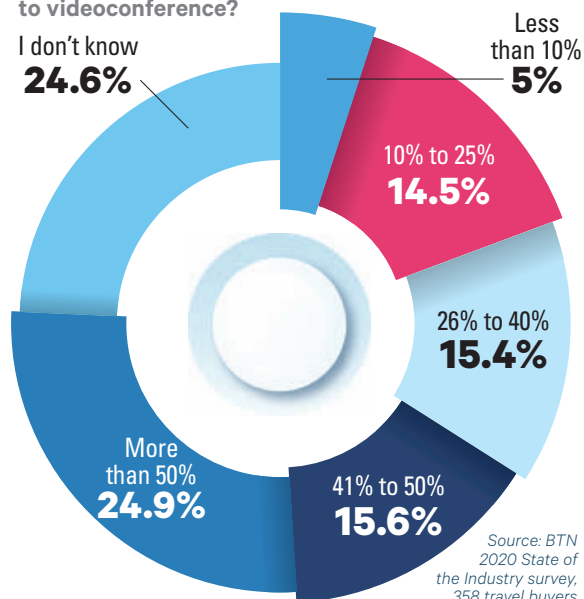
Now that it's gone, though, "travel is within the full view of the C-suite," said Areka Consulting Americas managing partner Louise Miller, adding that it may be there forever.

So where does that leave the travel manager?

For the immediate term, travel program leaders have been tasked

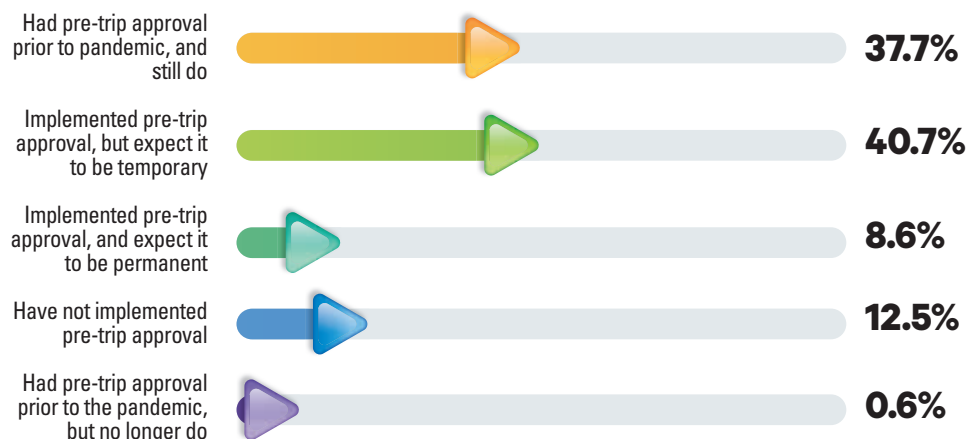
DIVERTING TRAVEL TO TECHNOLOGY

Going into 2021, how much of your organization's travel volume will be diverted to videoconference?



PRE-TRIP APPROVAL MAY NOT STICK

Has your organization made changes to pre-trip approval since the pandemic?



Source: BTN 2020 State of the Industry survey, 337 travel buyers

with getting travelers to articulate the need for in-person meetings and to justify their trips. More than 40 percent of travel managers surveyed by BTN said their companies are approving travel on a case-by-case bases. Under a quarter said their companies had defined what qualifies as essential travel and generally allow those trips.

Either way, pre-trip approval has become almost a de facto requirement across travel programs. Nearly 87 percent of travel managers surveyed currently have pre-trip approval requirements in place, whether they are automated as part of the booking workflow or implemented outside of the booking technology. Nearly 38 percent of respondents had pre-trip in place prior to the pandemic. Almost half of respondents have implemented it since the pandemic began. Among that half, however, only about 17 percent expect the pre-trip approval process to be permanent. We'll come back to that later.

For the moment, it looks like the gatekeepers will remain and video meeting platforms will continue as travelers' best alternative in 2021. A quarter of travel managers surveyed by BTN said they expect to divert 50 percent or more of their company's would-be business travel to virtual meeting platforms in 2021—if they assume 2019 as a baseline for demand. Twenty percent of respondents said they would divert less than 25 percent of would-be travel to virtual connections in 2021; 30 percent said they would "Zoomify" anywhere from 25 percent to 50 percent of previous travel demand.

THE RETURN TO TRAVEL STRATEGY

Returning even 50 percent of business travel to the market would be a huge boost for the industry.

In Delta Air Lines' most recent earnings call, president Glen Hauenstein said the carrier's

third-quarter business travel volume was about 15 percent of its 2019 level in the same period but was "trending up across all industries." Similarly, Southwest Business VP Dave Harvey told BTN that business travel, while still lagging leisure, has seen a "nice pickup" since Labor Day.

Companywide travel bans have become less common since the beginning of the pandemic, Harvey told BTN. Indeed, BTN's State of the Industry survey found just 21 percent of travel managers reported their domestic and international travel remains suspended, and 5.6 percent said only their international travel is suspended. That compares with GBTA poll numbers in late March that showed 96 percent of responding companies blacking out travel.

While travel suspensions are down, 2021 corporate travel volumes clearly aren't coming back to pre-Covid levels. Not least because travelers themselves may be reluctant. One-third of travel

managers surveyed by BTN said "many" of their travelers were hesitant to get back on the road, while 11 percent said "almost all" were hesitant. Still, plenty of companies and plenty of travelers say they want to travel.

"We know from conversations and workstream, our road warriors are very eager to get back to traveling and have pent-up demand to interact with people," said Pacific Life Insurance corporate travel manager Sarah Campbell.

ZS Associates meetings and travel manager Suzanne Boyan agreed. "I think most of our folks are excited to get back on the road," she said, adding that her firm expects an uptick in its 2021 travel volume because of more client demand for in-person meetings.

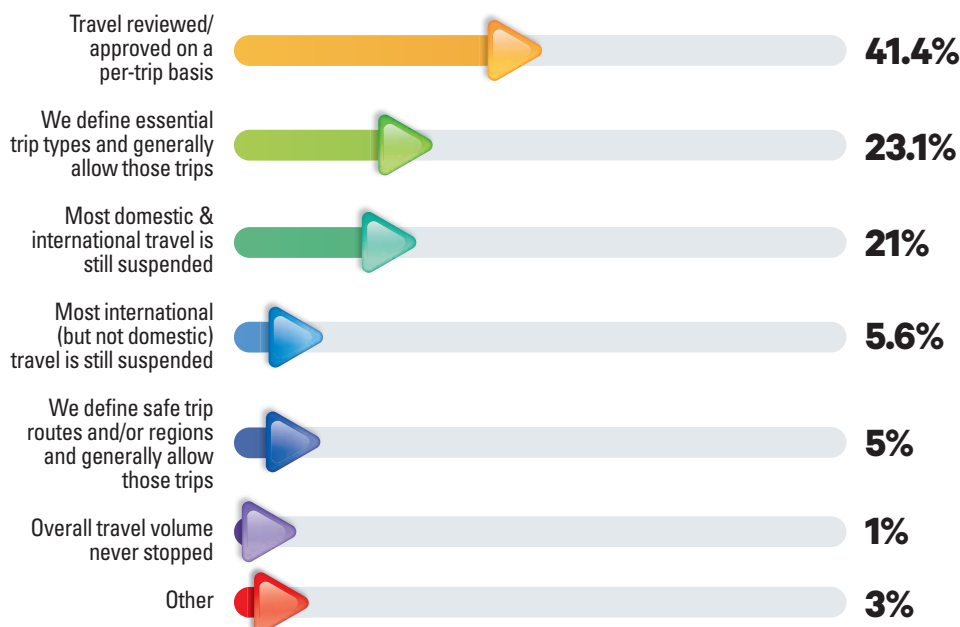
Like those prominent CEOs, many travelers believe they are not as effective virtually as they are in person, especially when it comes to sales and client meetings. Business and service professionals also miss all the

"I think most of our folks are excited to get back on the road."

ZS Associates' Suzanne Boyan

RETURN TO TRAVEL STRATEGY

Which of the following most closely resembles how your company is approaching its "return to travel?"



Source: BTN 2020 State of the Industry survey, 338 travel buyers

subtle and informal opportunities of gathering information and skill development—all of which are offshoots of the trips, Strachan said.

For now, both Pacific Life and ZS Associates are allowing mission-critical trips. “We’re allowing travel by car when it’s not possible to meet business objectives remotely, is necessary to maintain business relationships, sales, inspect assets or things that can’t be done in a remote environment,” said Campbell, though it should be noted in the time since BTN interviewed her, studies have emerged from Harvard’s T.H. Chan School of Public Health and from the U.S. Department of Defense supporting the relative safety of air travel in terms of Covid transmission risk.

Consulting firm ZS Associates is visiting select clients but also will allow travel for internal reasons like the IT department’s trips to data centers. Just around the corner, said Boyan, a spate of home leave benefits will hit the schedule. “The company will have three hundred people in the air between now and the end of the year,” she said.

There’s a nexus of factors that will get companies moving, according to Strachan: “It’s geography vs. industry vertical vs. their own internal focus [that] brings travel back faster or slower,” she said.

Size also may be a significant factor. Small companies, which are more growth-driven, are back on the road and traveling at half or maybe a little more than half of their 2019 volume, according to Areka’s Miller. Large companies, she said, are still very risk-averse to resuming travel. “They are not promoting travel. They’re traveling on a need-to-travel basis, [which is often] 5 percent to 10 percent of their previous volume. Those are the companies focused on

a formal return-to-travel plan,” she said.

Microsoft offers a case in point. Despite the CEO’s developing distaste for virtual meetings, the company’s mega-travel program, which claimed \$440 million in global air volume in 2019, according to BTN’s Corporate Travel 100, hasn’t tipped past 5 percent of “normal” volume since March, global director of travel, venue and payment Eric Bailey told BTN in September.

Even so, he echoed his senior leadership when describing how travel should evolve: “Travel will eventually return, but [it] will come back in a different way. It will be about building the relationships. Just purely sharing content is not something you need to do in person anymore,” he said. In other words: You can do that transactional stuff by other means.

CREATING THE POST-COVID TRAVEL PROGRAM

For the travel that does return in 2021, programs are evolving, with a focus on communication, duty of care and a closer relationship with risk management partners.

“Risk management is the most important topic right now because it’s the lever we can pull to make progress on all the other elements of managed travel,” Miller said.

Specialized travel risk management companies report an uptick in client activity, particularly among midsize companies that have not had formal TRM supplier partners in the past. BTN’s survey returned 55 percent of respondents indicating a TRM partner has become more important to their program as they return to business travel during the Covid-19 pandemic.

A key reason for this is the complexity the pandemic has foisted upon the business

“It’s geography vs. industry vertical vs. their own internal focus [that] brings travel back faster or slower.”

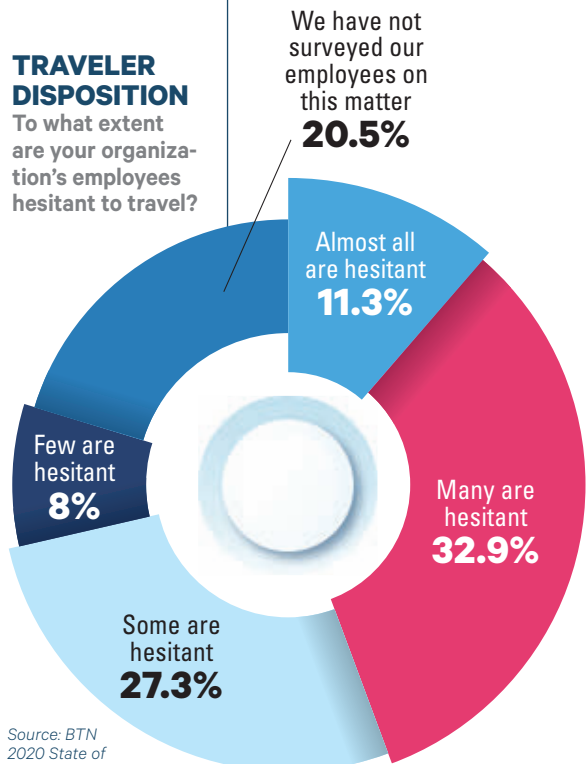
**Festive Road’s
Caroline Strachan**

travel process. “There’s so much more you need to do in the planning phase than what you needed to do pre-Covid,” one university travel buyer told BTN. The buyer cited internal travel permissions but also the current volatility of government restrictions and quarantine requirements for travel, not to mention current global infection trajectories, potential new guidelines on personal protective equipment for the traveler and other duty-of-care concerns.

TRM companies should be able to provide that advice as well as the associated education and duty of care protocols. Because of the way such providers often are positioned in the process, however, that information may not be automated at the time of booking. That’s a drawback programs are looking to overcome and a point of innovation TRM providers, TMCs and travel technology providers are pursuing

TRAVELER DISPOSITION

To what extent are your organization’s employees hesitant to travel?



Source: BTN
2020 State of
the Industry survey,
337 travel buyers

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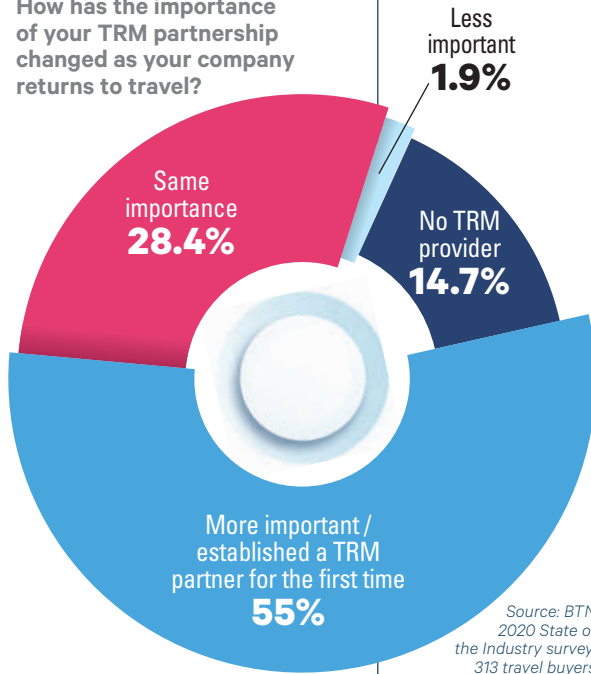
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TRAVEL RISK MANAGEMENT PARTNERSHIPS CRITICAL

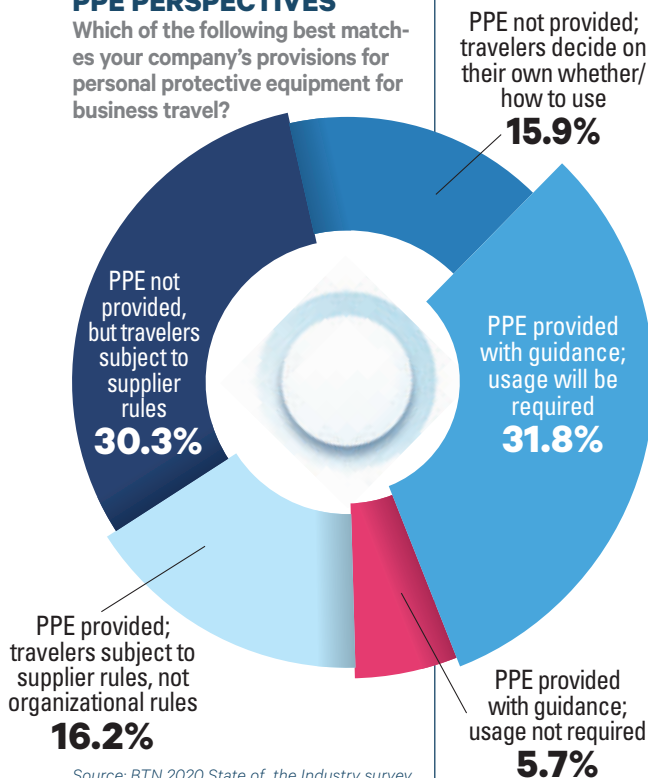
How has the importance of your TRM partnership changed as your company returns to travel?



Source: BTN 2020 State of the Industry survey, 313 travel buyers

PPE PERSPECTIVES

Which of the following best matches your company's provisions for personal protective equipment for business travel?



Source: BTN 2020 State of the Industry survey, 333 travel buyers

(see next page, Bringing It All Together). Nevertheless, TRM providers offer many additional advisory, traveler safety and boots-on-the-ground health and medical services that companies will rely on as their travelers get back on the road.

BTN's survey also revealed emphasis on certain policy points as companies return to travel. First among them is a renewed focus on booking channel compliance. Since March 1, more than 40 percent of survey respondents either tightened their requirement for travelers to comply to approved booking channels or established such a requirement for the first time. This is a critical first step in achieving full visibility into corporate travel, but certainly not the only one.

Policies around the use of preferred suppliers also have been tightened for some companies. Given the heightened concern around hygiene standards, more buyers have said they want to direct travelers to trusted partners who will uphold those standards.

Nearly 30 percent of buyers surveyed indicated they were tightening or establishing policies around preferred hotel usage, and slightly more than one-fifth of survey respondents said the same about their airline and car rental compliance policies. In the wake of renewed compliance initiatives, contract utilization rates may emerge as a key program benchmark moving into 2021.

That doesn't mean suppliers will be coasting on mandated usage in 2021. Otsuka America Pharmaceuticals senior corporate travel and expense manager Danielle Amoroso told BTN she's tasked her travelers with reporting back to the organization on hotel cleanliness and suppliers' ability to live up to their new

promises. She's removing hotel partners that don't deliver. More buyers report using data services like TrustYou to understand sentiment around hotel product and services and will bring those scores to supplier meetings.

At the same time, a few companies are going the other way, according to BTN's survey. They are loosening policies on preferred supplier usage and even on access to upgraded product tiers.

Discovery VP of travel management Yukari Tortorich has taken this approach. Speaking at a recent BTN conference, she said Discovery had relaxed policies around preferred suppliers as business travel gradually returns. "Right now, we recognize we have preferred airlines and properties, but we are looking at individual comfort level of using that carrier or hotel," she said. As travel management, she said, "we are there as a consultant, but ultimately we want it to be [the traveler's] decision."

Tortorich may represent the minority on this, but there's a common thread linking the views of many travel buyers who spoke to BTN, and that's traveler empowerment. Whether that's reflected in the way travelers are empowered to contribute to the program by reporting back on supplier service delivery or the way they are empowered with more flexible options from the outset, travelers are getting a voice within their travel programs. And companies are actively engaging with that feedback to improve what they deliver.

BRINGING IT ALL TOGETHER

With renewed attention from the C-suite and a laser focus on traveler care, has Covid-19 underhandedly delivered the support travel programs need to realize their best form in 2021?

That looks to be the case for

POLICY POINTS

What adjustments have you made to the following policy controls since March 1?

| | POLICY ESTABLISHED | POLICY TIGHTENED | POLICY LOOSENED | NO CHANGE | NO POLICY |
|--|--------------------|------------------|-----------------|-----------|-----------|
| Compliance to booking channel | 5.1% | 35.4% | 0.6% | 52.1% | 6.9% |
| Compliance to preferred accommodation | 2.1% | 27.1% | 5.1% | 60.1% | 5.7% |
| Compliance to preferred airlines | 2.1% | 20.5% | 3.6% | 67.4% | 6.5% |
| Compliance to preferred car rental/ground transportation | 2.1% | 19.7% | 1.8% | 69.9% | 6.6% |
| Compliance to mileage thresholds | 2.7% | 7.5% | 14.1% | 61.7% | 14.1% |
| Allowed usage of personal car | 2.7% | 5.0% | 14.5% | 67.7% | 10.1% |
| Access to premium air product | 1.8% | 5.7% | 7.5% | 72.8% | 12.3% |
| Access to premium lodging product | 2.4% | 4.8% | 4.8% | 76.5% | 11.6% |
| Access to black car services | 2.1% | 4.5% | 5.4% | 71.0% | 17.0% |
| Access to Uber/Lyft | 3.0% | 13.4% | 5.1% | 70.2% | 8.4% |
| Access to Airbnb or other homesharing | 2.7% | 12.8% | 3.0% | 61.0% | 20.5% |
| Advance booking requirements | 1.8% | 8.7% | 8.7% | 73.1% | 7.8% |

Source: BTN 2020 State of the Industry survey, 337 travel buyers

the university travel buyer who spoke to BTN. The university has introduced booking and agency compliance mandates for the first time to achieve better visibility. What's more, however, is that the department has been granted resources to take the program to the next level.

"We always felt like we had a strong program and now want it to be a state-of-the-art program for when travelers come back," the buyer said. "It's really focused on polishing and looking for gaps and systems that may be broken in the backend."

Indeed, buyers are putting more importance on the digital aspects of their programs, according to BTN's survey. Thirty-four percent of buyers said their booking tool would be

"We recognize we have preferred airlines and properties, but we are looking at individual comfort level of using that carrier or hotel."

**Discovery's
Yukari Tortorich**

more important going forward, while 32 percent said they would be looking for more from their mobile travel tools. Nearly a quarter said they would put more emphasis on off-channel data capture tools—even as they mandate their sanctioned channels—to provide an additional net for itinerary visibility.

Whether buyers will press their TMCs to service those bookings or harness the real-time data to bring stray travelers back into the program may emerge as a strategic decision as more tools come to market to bridge the gap between GDS-based PNR technology and direct supplier bookings.

Pacific Life's Campbell is trying to aggregate information on flight changes, new routes,

covid outbreaks at the county level, quarantine and testing requirements and other useful information that can help travelers prepare themselves before they get back on the road. Integrating this type of health and regulatory data at the point of sale will be critical for enabling business travel at scale, said Festive Road's Strachan. Right now, "it's quite a manual approach," Strachan said.

These are the kinds of innovations rushing into the market now. Some are industry solutions, like ATPCO's new "Structured UPAs," which tweak Routehappy's amenity-focused Universal Product Attributes to instead communicate about cleaning procedures, mask requirements, pre-flight temperatures checks,

seat blocking policies and capacity limits. Serko and Egencia are the first corporate travel platforms to adopt and display the information.

Other solutions are provider-specific offerings. TripActions, for example, rolled out an internal offering that includes outbreak mapping and infection metrics for specific markets, as well as government restrictions in place for specific jurisdictions. The tool also enables travel managers to set and adapt travel policies based on those data points.

Exton, Pa.-based World Travel Inc. introduced an interactive risk assessment map with real-time travel advisories and risk ratings incorporating Covid-19 information. In World Travel's formulation, risk information is linked to traveler itineraries after the booking to enable tailored alerts and updates, while an integration with data capture specialist Traxo allows the TMC to apply the same process to out-of-channel bookings.

Still other solutions will come to market from third parties. Safeture was one of the first to the market, Stabilitas followed and off-channel data capture provider Shep pivoted its entire product to provide booking tool overlays with Covid-19 messaging. TravelPerk introduced a standalone API-based service that allows other third parties to offer its Covid-19-related data like infection levels, travel restrictions and airline safety measures.

Considered more abstractly, these are the kinds of innovations travel buyers have wanted for a long time, said Strachan. "Players have shown they can adapt for a pandemic—excellent. Now let's use this momentum to catch up on overall product development time missed." Perhaps that will translate into sustainability ratings at

the point of sale, supplier equity ratings or any other filter.

More than 63 percent of travel buyers surveyed by BTN said innovation and specifically digitization will be either significantly or somewhat more important to their programs moving forward, and several buyers BTN spoke to said they were able to find additional funding—either directly to travel program efforts like the buyer at the university, or through other departments like human resources that are vested in employee well-being, including when they travel.

Data and software company Informatica is investing in an employee self-health assessment mobile app as part of its return to travel strategy. "We are actually looking at building an app for return to travel and return to office that does a self-health assessment. It can also be used for [trip] approvals and that may become a new norm," said global travel manager Rick Wakida. "We've had several meetings from our pandemic resiliency team, and we've had demos [with vendors] and then there's been demos internally to senior management on how it works [and] how it would be deployed to the workforce."

WILL A VACCINE GET US BACK TO NORMAL?

As travel captures more awareness as a strategic business lever integrated into return-to-work strategies and fundamental employee well-being, companies are likely to look at more integrated travel management strategies. Heightened awareness within the organization may cut both ways, however.

The increased trip justification happening now—even if buyers are correct about trip approval being temporary—could lower travel volumes as a cultural shift occurs within

companies to manage the total travel picture, including opportunities not to travel.

Microsoft's Bailey is already there, and he's weighing more than cost in the equation.

"In the past, if I flew to New York, I would line up maybe three meetings. That won't be good enough anymore. That will have to be eight or 10 meetings now" to justify the expense, from a dollars perspective, but also from a time perspective and in terms of carbon emissions, Bailey said.

He added, however, that these will be higher-value trips—both for the companies sending the traveler and for suppliers delivering services to them. "As people look to add more value for each trip, that may mean the cost of each trip goes up," he said.

Will broad distribution of a Covid-19 vaccine reverse that cultural shift around business travel? The travel buyers and consultants BTN talked to didn't think so—at least not for the near future.

"2021 first half is obviously not going to be aggressive as far as mass travel because of the concern around [the pandemic]. The bigger issue is having people in offices and the meeting places and the health and safety of the travelers, which is the No. 1 concern of us and our business partners," Campbell said. "We all know the effectiveness of [a vaccine] isn't going to drive people back into the patterns of travel they were in before."

Strachan agreed. "Many conversations in the industry talk about vaccines as the end-point and, after that, everything comes back to normal," she said, but she's skeptical about the industry taking that position. "I see it being a more gradual process than that." ■

"We all know the effectiveness of [a vaccine] isn't going to drive people back into the patterns of travel they were in."

Pacific Life's Sarah Campbell

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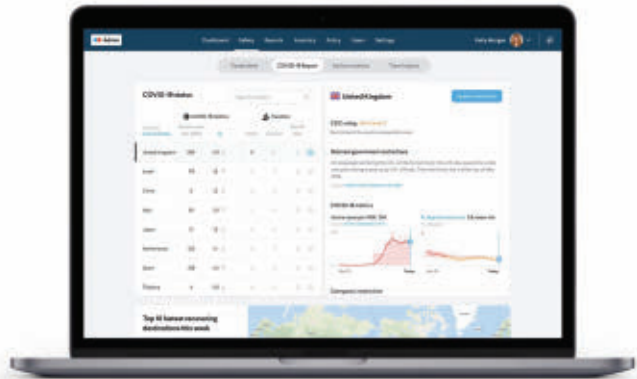
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Doing the Job: How Travel Managers Are Working Now

In the midst of a pandemic that brought travel of all kinds to a grinding halt, with little clarity on when and how it will resume at scale, the work of managing corporate travel was not business as usual in 2020. A prolonged decline in business travel appears likely, but that does not necessarily mean a decline in demand for skilled travel managers. In fact, the most skilled and savvy report increased demand for their abilities and respect for their strategic value.

At companies big and small, whether thriving or struggling during the COVID-19 pandemic, travel managers faced remarkable challenges in 2020, and their roles continue to change as they navigate unpredictable years ahead.

FROM CRISIS MANAGEMENT TO THE MESSY MIDDLE

In the early months of the crisis, travel managers played a big and very visible role. The more tightly managed a travel program was the easier it was to locate employees, assess their risk, and steer them home through fast-changing health recommendations and border restrictions.

Once everyone was home, and it became clear that trips for the year would be greatly reduced, travel managers entered into the messy middle—with travel-as-usual in the rear view mirror, no trips on the horizon, and no consensus on when road warriors would need to pull their carry-ons out of the closet. They spent the first months of this period handling excess inventory, adjusting and renegotiating volume-based contracts to control costs.

“The second phase of the crisis was asset management,” says Maria Chevalier, executive vice president for customer at PredictX, a London-based business travel analytics firm. “All of a sudden you had all of this distressed inventory, these unused tickets and meetings that had to be cancelled. And you were managing through the complexity of clauses. And how many of these tickets do I have and are they going to be extended?”

Travel managers are now in the next phase of that messy middle, planning for the future. For a few, the slow return has begun, but many are still anticipating when their teams will have even a small fraction of the usual number of travelers in the field.

OPPORTUNITIES ARE OUT THERE

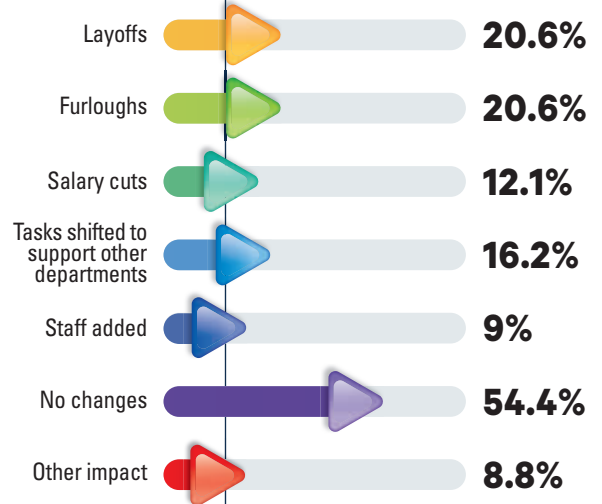
Personnel drawdowns are a nearly ubiquitous reality in 2020, and travel managers have not escaped unscathed. About a fifth of travel buyers responding to BTN’s 2020 State of the Industry survey said their teams had experienced layoffs, and the same number had furloughs. Slightly fewer—about one in seven—said that travel management teams were taking on new responsibilities to support other departments.

Some travel managers support expense management more widely, and the pandemic seems to be pushing more companies to use travel managers this way. Some are also taking on new roles that encompass expenses, mobility or new work-from-home policies.

Some travel managers actively seek to expand their scope to support other departments—handling expenses for

LABOR SHUFFLE

Has your company’s travel management staffing been adjusted since the pandemic?



Source: BTN 2020 State of the Industry survey, 272 travel buyer respondents

“There are more job postings [for travel managers] than ever before and they are paying better than they historically have.”

PredictX’s Maria Chevalier

new home office equipment, for example, or taking over relocation work from human resources departments. The greater reach can do more than keep travel managers busy with administrative tasks; it also gives them greater visibility into broader issues of business continuity.

While in some cases, travel managers’ tasks are being moved to support other departments, more companies also are beginning to appreciate their broader strategic value. For many, this shift began as Covid-19 first began spreading beyond Asia. Not only did Infomatica global travel manager Rick Wakida participate in the pandemic core resiliency team that met six

times a week early in the crisis, but he opened the call with updates on the travel situation and progress in bringing team members home.

In some companies where travel management was seen as an administrative role, the pandemic has imbued it with more strategic importance. Executives, Chevalier said, now see more clearly the complexity of travel management, as well as its importance to the running of the company.

“There are more job postings than ever before. And they’re paying better than they historically have,” said Chevalier, who leads an informal networking group for business travel professionals. The opportunities are not limited to companies experiencing pandemic-related growth. Chevalier sees a broader phenomenon of executives taking travel management more seriously, which she observes in dealing with PredictX clients. “Our clients are getting more requests than ever before to participate with the C-suite.”

Chevalier, who held travel management roles at HP and Johnson & Johnson, said that the scale of travel spend has long made the strategic importance of travel management clear at Fortune 500 companies. But she has observed, in the midst of the Covid-19 crisis, leaders at small- and mid-sized companies seeing effective

travel management as a strategic imperative, critical to employees’ safety and security and to the running of the company.

The crisis has spurred some SMEs to add internal departments to manage travel where before they had outsourced the work to travel management companies or treated travel as a simple administrative task. No data are available on how widespread that shift is, but for Jennie Robertson, when the pandemic closed a door, it quickly opened two others. After being laid off from her travel management role at a design tech firm, she received two offers.

The company that Robertson joined as manager of travel and expense, DocuSign, is one whose products have seen demand spike due to the sudden shift to remote work. The other offer she received came from a company having a good year unrelated to the pandemic. Neither had anyone dedicated solely to travel. Both saw Covid-19 making travel more complex, creating a need to establish formal policies and processes and make sure travelers have the information they need. “Even though the volume is way down, the complexity is way up,” said Robertson.

For veteran travel manager Jack Reynaert, the pandemic took him

“We are getting lots of contracts from people wanting insight into how travel can best be run for their company, how they can have more visibility into the details.”

Options Travel’s Jack Reynaert

from ramping down 2020 travel at an auto parts manufacturer in Michigan, to laid off, to helping companies plan for the eventual ramping back up of travel. Reynaert joined Illinois-based Options Travel in a newly created role, senior director corporate travel economics and optimization, in which he will work with companies that are creating new travel departments or refining practices at existing ones.

“We are getting a lot of contacts from people wanting insight into how travel can best be run for their company, how they can have more visibility into the details,” Reynaert said.

2021 PRIORITIES: FLEX CONTRACTS, COMPLIANCE & SAFE RETURN

The travel management veterans interviewed for this piece all spoke of a return to travel in 2021, but with little clarity around when and how much. “There’s this desire to get back to normal, but so much is changing and will continue to [change] over next year,” says DocuSign’s Robertson. “I don’t think any of us knows what it’s going to look like.”

Safety will be paramount, and companies are watching infection rates market by market as well as scrutinizing costs and necessity. Robertson points out that, with so many companies not bringing employees back into the office before the second quarter, client visits remain rare: “When you’re worried about how many of your people you can get up and down elevators, the last thing you want is to start having vendors come in.”

Add to the equation a less robust conference scene, general apprehension about traveling, and, for many companies, many months of little or no revenue, and it becomes clear a quick rebound is not in the cards.

Eric Bailey, Microsoft’s global director for travel, venue source and payment, said it took the company 10 years after the Great Recession to get back to pre-recession levels of business travel. “It wasn’t because we couldn’t afford it—it was because we didn’t need it.”

TRAVEL MANAGEMENT VALUE SHIFT

How have the realities of Covid-19 affected the value profile of your travel management responsibilities?

| | |
|---|--------------|
| It has diminished the importance of travel management permanently | 5.5% |
| It has diminished the importance of travel management temporarily | 24.6% |
| It has highlighted the importance of traveler duty of care/well-being | 75% |
| It has highlighted the importance of preferred travel supplier relationships | 53.3% |
| It has highlighted the richness of travel data | 43% |
| It has highlighted the critical nature of business travel to revenue generation | 32% |
| It has expanded my role and expanded ideas of how travel management can contribute to business strategy | 41.9% |
| Other | 3.3% |

Source: BTN 2020 State of the Industry survey, 272 travel buyer respondents

The recession of 2008 led to a shift at Microsoft in favor of conducting more meetings virtually. And Bailey says that this year's travel stoppage is ushering in yet another shift toward virtual. His projection is for Microsoft to return to 40 percent of 2019 levels by the beginning of 2022.

All that uncertainty calls for new approaches to budgeting and contracting for the coming year. "Procurement 101 is that it is based on historical data," said Chevalier. "But no past data can serve to forecast 2021, and the pace of recovery depends on a web of complex variables." Contracts will need to be flexible, and Options Travel's Reynaert urged travel buyers to consider a consortia model, pooling resources with other companies. He also urged buyers to identify their best suppliers and shore up long-term relationships: "Identify those partners that are strong enough to be willing to grow with you. Pricing might have to be adjusted because they need to stay in business. Everybody needs to stay in business."

As travel slowly returns, compliance will also get greater attention. "The duty of care factor is always been important, but never really as enforced as it should be," Reynaert said. "If they book their air, car, and hotel through your TMC, you know what hotel, you know what city they're going through, what flights they are on, what hotel they are staying at. And if you start getting high compliance with corporate credit card usage, you actually can go into the tool and know in more detail where people are."

Wakida said that Informatica currently only allows employees to book travel with explicit management permission, a practice many companies are likely using. As those policies loosen, travel managers will have a renewed focus on keeping bookings within the program.

GET INVOLVED IN THE FUTURE OF MEETINGS

Live conferences and events will continue to face challenges well into 2021. Bailey, who says that 20 percent of Microsoft's pre-Covid travel was to

conferences, expects the company to cut back the number who attend events in-person, leaving the rest to experience events virtually. Like other travel managers interviewed for this story, he also anticipated some disconnect between workers' desire to resume business travel and companies' willingness to continue at past levels. Trips will be scrutinized for necessity and value—initially for the sake of safety, but eventually because virtual substitutes have been embraced. The days of flying cross-country to present to the executive team could be over.

But Bailey is not just planning for less conference travel—he is focused on and very involved in designing Microsoft's future approach to events. "For me, the best example of a hybrid meeting is the Super Bowl. Nobody would say that if you put the Super Bowl on TV, nobody will go to the game anymore," he said, pointing out that people attend it live, while others have a great experience watching it with friends at home or a bigger venue. Still others record it so they can skip around.

"We're looking at putting an event together and it's more than just a hybrid meeting; it's a distributed meeting," Bailey said. "The central location is still key to the best experience, and you need to make sure that the right people go there and [then] have smaller meetings in multiple cities." Bailey and other travel managers will be among those creating new models for face-to-face events, and optimizing them for experience as well as the most prudent travel plan.

Bailey is not the only travel manager finding himself involved in envisioning and executing a post-Covid future. Wakida is working on return-to-office plans, including strategic planning around how liberal Informatica should be with work-from-home policies. Both Wakida and Bailey say that travel managers should think creatively about how they can help companies navigate to the future in areas adjacent or related to travel.

That future may be uncertain, but it

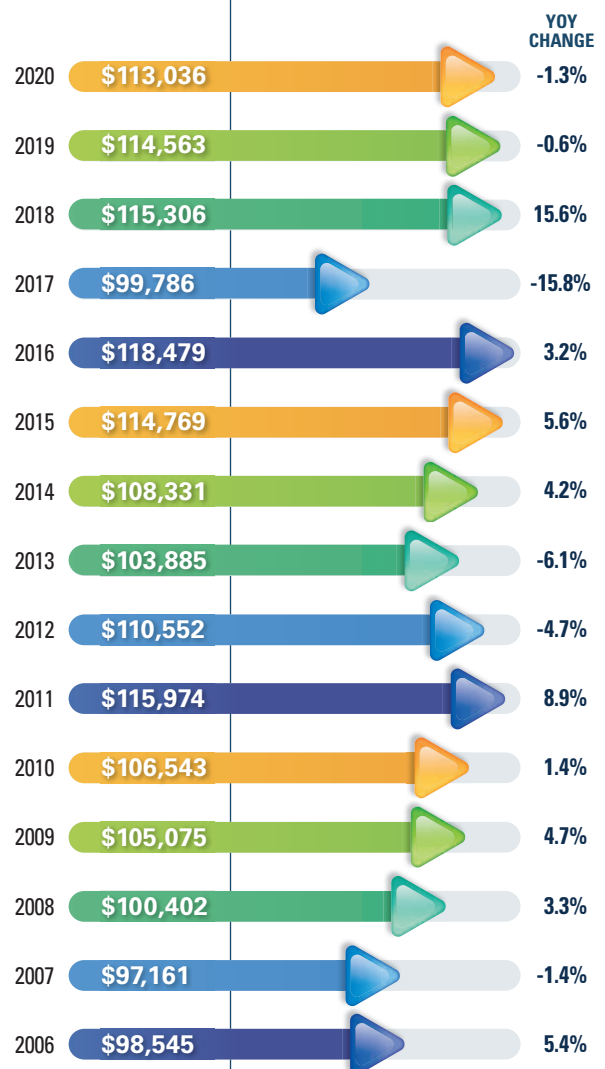
"The opportunities are for the people who realize how much we have shifted and how much we're going to shift."

Microsoft's Eric Bailey

will certainly include travel, and a need for strategic-minded travel managers, Bailey says: "I think there are going to be tons of opportunities, but the opportunities are for the people who realize how much we have shifted and how much we're going to shift." ■

HOW 2020 RESPONDENTS' SALARIES COMPARE TO PREVIOUS SURVEYS

The average salary as of Jan. 1 is based on responses to that year's survey and does not reflect the same respondent base year over year.



Source: BTN 2020 State of the Industry survey, 272 buyer respondents

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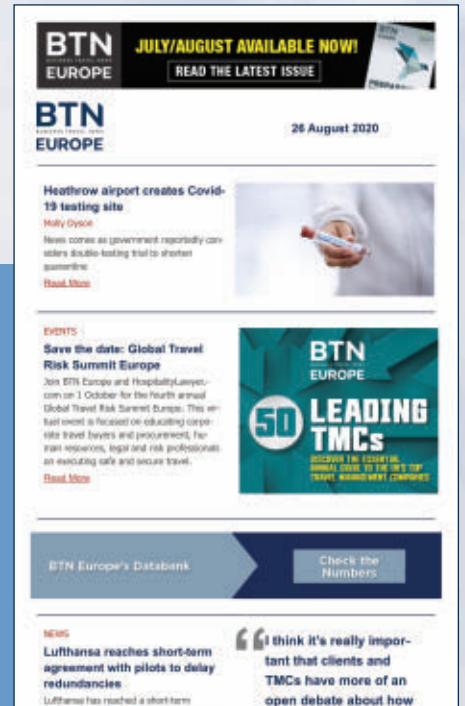
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TMC Paradox: Most-Valued Services Don't Translate to Profits

Buyers are open to new commercial models but may balk if it costs more than before.

2020 has been a deeply paradoxical year for travel management companies. Many have emerged with enhanced credit to their reputations for looking after customers during the coronavirus crisis but often with potentially terminal impact to their finances.

Those losses are explained in part by a second paradox. Transaction fees, of which there may be several for a single trip, are the most common way for corporate clients to pay their TMCs. But in 2020 there have been very few bookings—and, consequently, catastrophically fewer transactions—to attract fees. Yet there still has been plenty of work to do, including managing duty of care responsibilities, sourcing information on travel restrictions and handling credits and refunds.

Indeed, more than 42 percent of buyers surveyed by BTN said their TMC relationship is more important now than before the pandemic. That's a huge surge compared to other supplier categories (see pp. 36-41 for airline, hotel and car rental categories). Drilling further into which TMC services were considered the most important, it wasn't the booking and ticketing.

Buyers rated "managing service disruptions" and access to "experienced, knowledgeable travel counselors" as the

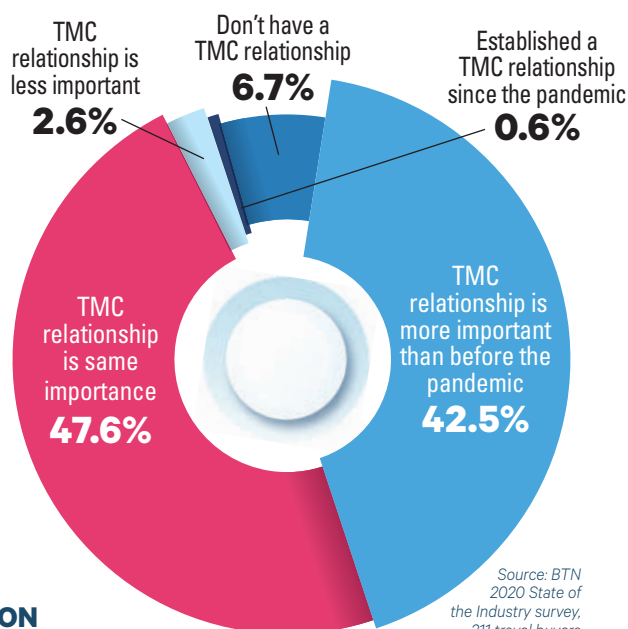
most valued services provided by their TMCs. Both are high-touch requirements that might be expected to command a premium. Indeed, nearly 94 percent considered experienced travel counselors to be "critical," "very important" or "important" to their programs going forward.

In the age of Covid-19, those high-touch services are set to expand significantly, and by no means will all of those services be automated into online booking tools, though many TMCs and technology providers are working on solutions.

In the meantime, "customers have been moving [away from] online bookings and doing everything offline because so

TMC RELATIONSHIP ASCENDS

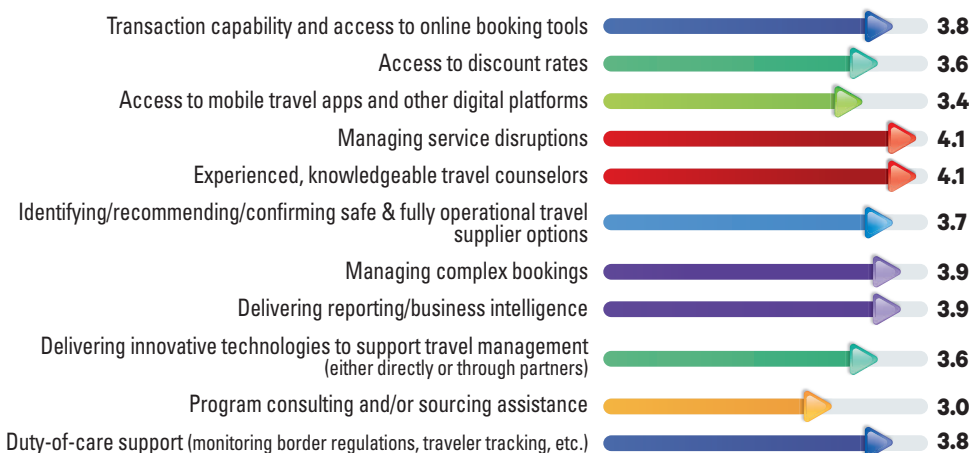
How will the importance of your relationship with your TMC partner(s) change on a go-forward basis?



Source: BTN 2020 State of the Industry survey, 311 travel buyers

THE TMC VALUE PROPOSITION

On a scale of 1 to 5, rate the following TMC value propositions for your travel program on a go-forward basis



Source: BTN 2020 State of the Industry survey, 307 travel buyers

much information is required,” Nina & Pinta managing partner Jo Lloyd told BTN. “I don’t think that is going to go away until we get back to some semblance of normality.”

Albert Taras, president of TCG Consulting, agreed. “We see agencies with 30 percent to 40 percent of the work they are doing as not transaction-related,” he said. That means 30 percent

to 40 percent of the labor translates into no revenue.

Virtually, every senior agency executive BTN has interviewed in the past six months has voiced the same concern.

SOMETHING’S WRONG, NOT JUST COVID-19

According to 2019 research from BTN’s portfolio mate The Beat, 83 percent of travel agency

REDEPLOYING THE TMC RELATIONSHIP

In whatever way the TMC fee conundrum is resolved, buyers inevitably will re-examine what they are paying for. “As a corporate you have to take a step back and ask, ‘Where do I need my TMC and where don’t I?’” said a European travel buyer.

A reassessment of this kind is not confined to deciding which data reports are or are not required. It could also accelerate a trend that was emerging in the couple of years before coronavirus hit, namely for travel managers to become travel technology “architects.” This concept entails travel managers not accepting unquestioningly the stack of tech tools deployed by their TMC but instead curating, integrating and customizing their own selection of tools.

“I am seeing right now a lot of corporates sourcing their own technology,” said the buyer. “It’s up to corporates to say, ‘If you’re not offering what we’re looking for, we’ll source it ourselves.’ I do foresee more travel managers acting independently of their TMCs.”

For those travel managers pursuing a program architecture strategy, TMC selection criteria will change. TMCs could be judged on their capacity—and willingness—to integrate with tech providers of the customer’s choice. “Some TMCs don’t play well with other companies’ technology,” warned Lloyd. “If you want to bring in a Traxo or a Roadmap, it’s very hard. The TMCs who are open to that are the ones who are going to do well.”

Given the trend toward mandating the TMC and the additional value placed on the channel, Eklund believes “only a small percentage” of the largest corporations will choose such a strategy. For buyers who do, Eklund cautioned: They may find themselves wrestling with the same fee conundrums—such as whether to pay centrally or reallocate to budget holders—only now for a range of service providers instead of a single TMC.

“[Corporates] are in this quandary of wanting to save money but wanting to make sure their travelers get more help. You see this ying and yang right now, because there is both a health crisis and a pretty certain economic crisis.”

TravelPerk’s J-C Taunay-Bucalo

relationships went into 2020 with a transaction fee model. Just 6 percent used a “management fee” model (also known as “cost-plus”) and there were a smattering of other configurations, like subscription fees or even “no-fee” scenarios for booking and ticketing that rely on servicing the bookings to bring revenue.

While there were inklings at the time of structural weaknesses, business travel was thriving, and there was little incentive to reconfigure.

In late 2019, “buyers, consultants and agency execs [said] transactional pricing persists because, well, it works,” wrote The Beat researchers. “Transaction-based pricing gives clients a pay-as-you-use model that can be clearly defined in contracts. Transactions can be counted, independently verified and audited. They’re priced in a predictable way, which is good for forecasting and budgeting—both at the agency and the client level.”

The research went on to explain, “For corporate sourcing departments, transactional pricing gives a unit of comparison to assess competing offers.” It quoted an industry executive saying transactions present a “clean expense and reconciliation model,” and it noted that this point “is particularly important to companies that don’t have a central budget for travel management services. With per-transaction fees, travel management costs are dispersed across the company and incurred by users.”

While all of that is correct, the last 6 months have upended that value narrative.

UK TMC membership group the Business Travel Association jointly released a white paper last month in collaboration with consultancy Nina & Pinta.

'Time for Change—Looking at the TMC pricing model in 2020' called the pandemic a "catalyst" to reveal TMC fee model weaknesses, but posited "the need for a change to TMC pricing has been evident for years."

At its most fundamental, the right model comes down to distributing risk in an equitable way. The transaction fee model put all the risk on the TMC should travel suddenly bottom out. Perhaps an agency could absorb this for a single client, but with a global wave of cancellations and no future bookings, the transaction fee model immediately cratered. So where does the industry go from here?

Lloyd underscored the continued relevance of the management fee model, which is favored by some customers with volumes large enough to merit a dedicated team of travel counselors. The cost of

providing that service can be calculated accurately—a profit margin agreed on top and the client pays the two combined in a single lump sum, often centrally budgeted. Management fees remain valid, said Lloyd, because they are built "on a very transparent relationship."

For companies with smaller spend or inability to fund centrally, however, a different solution is needed. Much touted during 2020 is a subscription fee, which the BTA white paper describes as "essentially a monthly retainer for services. For the TMC, it is an attractive model as it helps manage cashflow." But as The Beat research pointed out, the right solution must offer a "clean expense and reconciliation" for the corporate.

That's where Lloyd saw weaknesses. Though she went in thinking subscriptions fees might be the future of the TMC

commercial model, her view changed quickly. "It's hard to quantify the benefits for the corporate," she said. "If the corporate is subsidizing the bill centrally, that's a very big cost; if you pass on the cost to budget holders, what happens if they only travel twice a year? I think the way forward instead is to modernize the transaction fee."

For Lloyd, modernization means a hybrid fee, consisting of a central contract fee to the corporate entity built from an extensive menu of services, plus a transaction fee on top for reallocation to travelers' budgets.

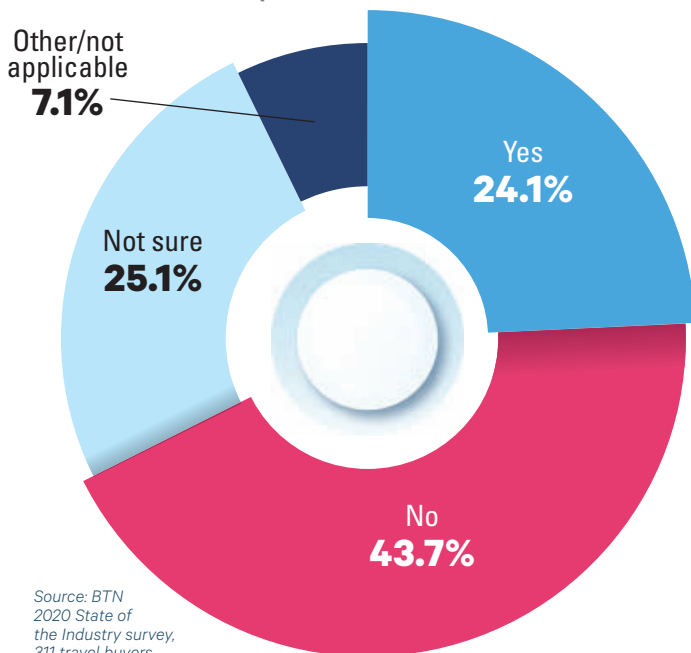
FCM Travel Solutions global managing director Marcus Eklund said discussions with FCM clients are also pointing towards a hybrid, but a slightly different one. Again, there would be a transaction fee for each booking on top of a baseline of services such as duty-of-care provision, technology and reporting. However, the baseline would be covered by a much smaller subscription

"Most companies are willing to have a discussion about what a fair model would look like."

FCM's Marcus Eklund

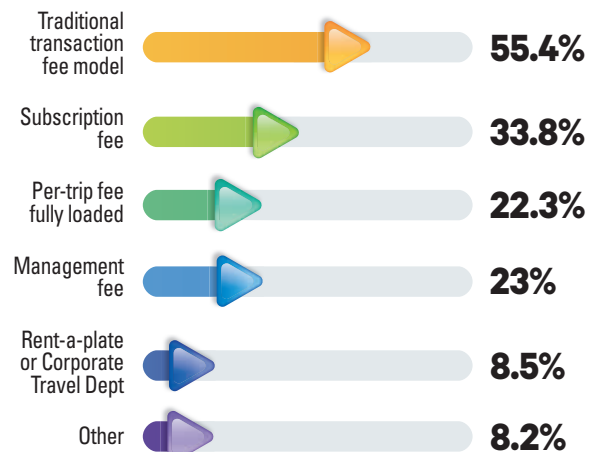
LITTLE APPETITE FOR HIGHER TMC FEES

Do you expect to pay higher TMC fees in 2021 to account for additional travel complexities?



TMC FEES STRUCTURES: EVERYTHING'S ON THE TABLE

What commercial structures interest you as you move forward with TMC relationships?



Source: BTN 2020 State of the Industry survey, 305 travel buyers

fee which would be calculated either per employee or per traveler and, therefore, could be reallocated internally.

"Everyone in the company has it for Microsoft Office," said Eklund, adding that the subscription fee per individual would work out at only a few dollars—"probably less than they spend on pens and paper."

FCM has only a few clients solely on management fee but, unlike Lloyd, Eklund believes this also needs a shake-up because just as transaction fees failed to compensate TMCs when travel volumes collapsed, management fees in 2020 have left clients paying for projected bookings that did not materialize. A hybrid, according to Eklund, balances the risk between both parties.

WILL BUYERS RE-ALIGN?

According to buyers, everything is on the table when it comes to TMC commercial models. Asked what configurations they would be willing to discuss, the traditional transaction fee remains most common at more than 55 percent, but buyers were open to other ideas. More than a third said they would discuss a subscription fee and nearly a quarter were willing to consider the management or "cost-plus" configuration. More than one-fifth said they were open to discussing the fully loaded per-trip fee, in the style of some of the next generation all-in-one platforms like TripActions and TravelPerk.

Yet when it comes to actual cost, attitudes among BTN's surveyed buyers were less adaptable—despite the fact they seemed to understand the value of high-touch services for their programs. Fewer than a quarter said they expected to pay higher TMC fees in 2021

"It's hard to quantify the benefits of [subscription fees] for the corporate. If the corporate is subsidizing the bill centrally, that's a very big cost... I think the way forward instead is to modernize the transaction fee."

**Nina & Pinta's
Jo Lloyd**

to account for additional travel complexities, nearly 44 percent said "no" to the idea of paying more and 25 percent were undecided.

J-C Taunay-Bucalo, chief commercial officer for TravelPerk, believes TMCs will meet resistance to any proposed fee increases and will instead have to accept yet another paradox playing out in the minds of their customers.

"Companies need a lot of help right now because business trips are more uncertain and more complex," he said. "At the same time... they are conducting a review of their costs over the past couple of years and concluding they were paying too much, so they are in this quandary of wanting to save money but wanting to make sure their travelers get more help. You see this ying and yang at the moment, because there is both a health crisis and a pretty certain economic crisis."

Lloyd echoed some of Taunay-Bucalo's thoughts about redistributing value: "I don't know if clients need to pay more; they need to pay differently," she said. But she added, "If they are expecting someone to be on the end of a phone, they need to pay for that. Customers are generally being responsive here." FCM's Eklund shared Lloyd's view. "Most corporates are willing to have a discussion about what a fair model would look like," he said.

WILL MY TMC SURVIVE?

While negotiations over fee structures and service requirements play out, a more urgent question at hand for buyers is whether their TMC will continue to exist for them to have any negotiations with. "We projected early on in the crisis that 30 percent of agencies would

go under or have significant hardships," said TCG's Taras. "We still think there are agencies that would be in trouble even if the pandemic ended tomorrow."

His view is shared by Taunay-Bucalo, who said his company has only been able to maintain a full service because "we have received \$140 million in investments. It's very unfortunate but the reality is only the biggest are going to survive. There will be a giant consolidation. The only way for many TMCs not to go bankrupt will be to merge."

TCG is helping clients to understand their TMCs' financial situation so they can assess their viability, but obtaining reliable figures for privately owned companies is very difficult. Eklund's recommendation for managing risk of TMC failure is "to have a plan B. Have a second TMC in mind and liaise internally with your HR department about what you would need to do to provide a back-up service."

Should that alternate TMC be appointed as a precaution now?

"Not in the short term because volume is so low there isn't enough to share," said Eklund.

By the time volume does return, the TMC landscape is likely to look very different. The acquisition of Travel & Transport by Corporate Travel Management—both sizeable players with multinational presences—announced in September is surely only the first in a wave that may play out in the next two years. Perhaps even bigger names will combine or disappear. Disruption, certainly change, is likely for many TMC customers. But opportunities for healthier, more finely tuned relationships could emerge from the upheaval. ■

In Conversation: Airline Partnerships in 2021

Where are the opportunities and how will travel managers need to work with their airline partners moving into 2021? One thing is sure, historical data isn't the answer. In addition, airlines have changed key policies and will be flexible with buyers who can offer volume. Here's what the industry is saying about recovery and how corporate agreements are shaping up for 2021.



LOOK WHO'S TALKING...
**Louise Miller, Areka Consulting Americas
Managing Partner**

On Pragmatic Negotiations: We had relied on such robust growth and schedules for so many years. Services were expanding and becoming better every day. Now, a lot of the conversations have shifted from "What's my percent discount?" to "What are the services going to be like for my travelers when they return?" and we're really working hard to preserve important partnerships and make sure travelers don't have false expectations. There's a good chance you can set yourself up for failure if you negotiate too much on the wrong things and make assumptions about services that will take a while to come back.

On Pricing: Volatility is extreme. If you book pretty far in advance, you can still get pretty good deals. As it gets closer, the prices are a lot higher. I fly on certain routes across country very frequently, and I can pay \$99 one way on any of the top carriers. If I wanted to go this weekend, it might \$800 round trip. That span always existed, but it's more extreme now, because you don't have as much lift to balance it.

On the Impact on Booking Patterns & Corporate Deals: There were a lot of companies that planned even long-haul international with three- to five-day notice. Now, the companies that used to get really good deals because they could plan three or four weeks in advance? Oh, no. Everyone's going to plan three or four weeks in advance, so they're going to have to plan six or eight weeks in advance to get the good deals, and the front of the aircraft is going to be booked solid really far in advance.

On Eliminated Change Fees: That premium has been built into changes at the last minute anyway. For changes without much lead time, I don't see an actual net benefit or cost savings. When you can make changes with advance notice, of course it's a great benefit.



LOOK WHO'S TALKING...
**Mauro Ruggiero, Finastra Director of Global Travel
Management**

On More Agile Airline Agreements: Even pre-Covid, your business changes. The traditional approach [to contracting] prohibits the ability to pivot. Continuous sourcing is a win-win, because you are able to proactively take advantage of new routes and new offerings and see how they match up with your business. Internally, you can work with your stakeholders and pick up new volume based on projects that are coming and going. What the pandemic shows us is that we need to be more agile as an industry. Dynamic is a better way to approach this.

On How He Did It: We started with a solid foundation using our anchor city pairs where we knew the business wasn't going to change because it's between our headquarters and key locations. From there, everything else is a living document. A lot of the conversations with the carriers were driven by input with functional busi-

ness leads, as they talked about new projects and consultancy work.

On Covid Accelerating His Strategy:

There's one difference post-Covid: We're trying to expect what the baseline will be in the future. If I'm using the last 12 months of regular business as the baseline, I'm going to go out based on where I think we'll see decrease in travel. There will be a permanent reduction in travel spend. We already were trending down prior to Covid, as we were trying to move more people to virtual collaboration... Covid has accelerated the end game of our program, which was to look at about a 25 [percent] to 30 percent travel reduction.



LOOK WHO'S TALKING...
**Bob Somers,
Delta SVP of
Global Sales**



**Kristen Showlin,
Delta VP of Sales
Operations &
Development**

On Green Shoots:

[Corporate travel] has grown exponentially over the last several weeks and months. We measured our last 14 days, and week over week, it's up over 90 percent. At one point, it was very small numbers, but there are more companies traveling with relatively significant numbers, albeit on a different baseline.

Transportation, manufacturing, automotive, those are the industries trending considerably up week over week. We're watching all of the different verticals. Entertainment and production is starting to see an uptick. Roughly 90 percent of our corporate customers have travelers flying.

On Boosting Corporate Confidence to Travel: Confidence is the No. 1 thing we are trying to instill in our customers and employees. We

are following CDC guidelines and protocols, and we're spending a tremendous amount of time talking to corporations about everything we're doing to keep their travelers safe.

On Contract Flexibility: Right now, a lot of [corporate customers] are looking to extend agreements. Those [looking for] RFPs are looking at forward growth for their companies as well. Our goal is to [enable them to] book, change and cancel plans with peace of mind. We've refunded over 4 million tickets to the tune of about \$6 billion. Not only did we permanently eliminate change fees but also extended waivers on fees for newly purchased tickets. We were one of the first carriers to extend SkyMiles status and extended the expiration of travel credits.

We were the first airline to offer flexibility for those tickets through Dec. 31, 2022. We announced the ability to have multiple changes to tickets covered by the travel exception policy. We even put a travel exception policy binder in for agencies to help their corporations manage those unused tickets. We have offered UATP as an alternative, so we've come up with some alternative solutions to companies based on changing needs they have.

On What Gives Them Hope for the Future: We're really proud of our corporate customers that have donated unused tickets for medical flights. Several corporations we're working with have [done so], and we've used those towards the hundreds of medical flights we've provided for personnel dealing with the pandemic.



**LOOK WHO'S TALKING...
Jo Lloyd, Nina & Pinta Partner**

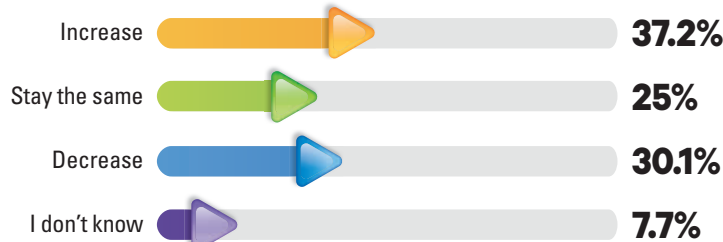
On Recovery Trajectory: When we look at the disruption and impact of Covid-19 on the travel industry and aviation, it's been absolutely devastating. When we look at how things are likely to recover, the general consensus is that it's going to take four years to get back to 2019 levels.

AIRLINE AGREEMENT STRUCTURES



Source: BTN 2020 State of the Industry survey, 307 travel buyers

AIRFARE EXPECTATIONS



Source: BTN 2020 State of the Industry survey, 312 travel buyers

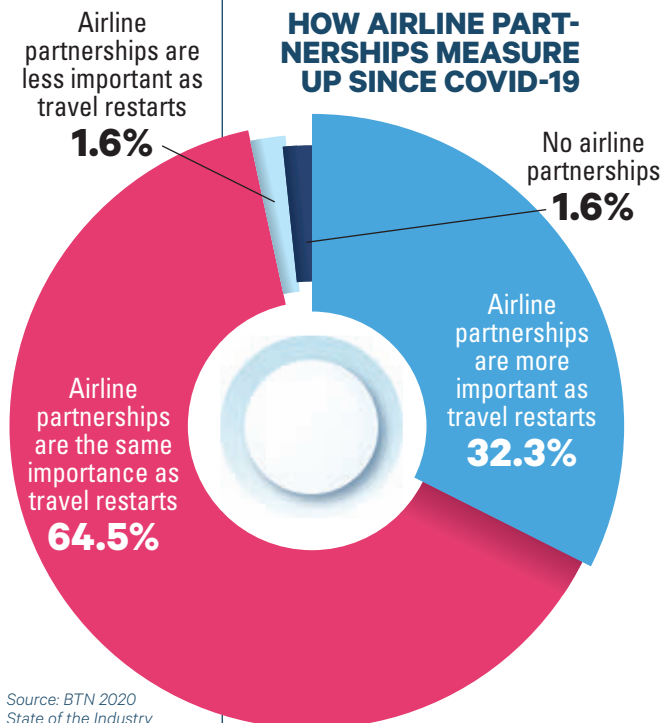
45%
of travel buyers will negotiate with airlines in 2021

On How That Impacts Contract Strategy: That does lend itself to transitioning to a much more dynamic approach when it comes to contract management. One thing I'd suggest buyers do now is engage with internal stakeholders and see what this means in relation to their return to travel scenario, what will be coming back—at least their best guess.

Traditionally, airlines have used historical data to project what spend is likely to be, and some of them are still doing that now. The problem is we're basing it on a market that doesn't exist anymore. It might be time to be taking a more fluid approach and looking at projected spend rather than historical data.

On Observing the Market Before Jumping In: Most customers aren't traveling internationally right now, so that gives us a minute to see what happens with the schedules and network coverage. This is a supply and demand business, so the pricing will fit in relation to that. The best thing to do is to look at an active, ongoing dynamic program that lets you ride the wave of the market and the curve of the pricing. ■

HOW AIRLINE PARTNERSHIPS MEASURE UP SINCE COVID-19



Source: BTN 2020 State of the Industry survey, 313 travel buyers

In Conversation: Lodging Partnerships in 2021

BTN research shows that 82 percent of buyers plan to negotiate lodging rates for 2021. Sources see a hybrid approach shaping up, where buyers are negotiating their top properties, but rolling over their 2020 rates for the majority, or switching to dynamic. Comments were edited for length and clarity...



LOOK WHO'S TALKING...

Laura Kusto, Advito Sr. Director & BCD Travel Global Hotel Practice Lead

On Agreement Structures: The hybrid approach is the thoughtful and right thing to do, given that many clients are either still not on the road right now and may have a 50 percent to 70 percent drop in volume for next year. You don't want to ask hotels to take the time to bid on business if you have no business.

On the Pandemic Opportunity to Reshape Hotel Sourcing: BCD has been tracking rates for months and they are down. This environment gives clients a safe way to try [dynamic pricing], to eliminate as much of the risk as possible. I think that's been a big positive."



LOOK WHO'S TALKING...

Carmen Smith, ICF Sr. Manager Travel & Events

On Rolling Over Rates to 2021: I had just finished expanding ICF's hotel program in January. With Covid happening in March, I haven't had a chance to really look at productivity and what those hotels can or cannot do for us. Currently, 16 hotels in the program are closed, but I've had challenges getting in touch with hotels that are open. They're not answering the phone, or they take a long time. That said, I know one of our account managers just returned from furlough and it's great to have them back.

On the Prospect of Dynamic Pricing: Ninety-five percent of my program is negotiated rates. I'm talking to some [hotel companies], and a few chain brands wanted to move to dynamic, which I am not a fan of. For me, dynamic seems to benefit the hotels more than the program.

On New Covid Health Standards: It is a partnership. We do talk to suppliers, but we have to hold them accountable for the things they promise. There have been some positive changes during Covid. Cleanliness levels, for example, should stay in place. I'm hoping it holds all of us to a higher standard going forward.



LOOK WHO'S TALKING...

Neil Hammond, GoldSpring Consulting Partner

On 2021 Hotel Rates: Everybody understands that static rates are not going to perform in the marketplace, not when the daily rates have gone down 30 percent.

On the Prospect of Dynamic Float: One strategy will be to roll rates over into 2021 but pair that rate with a dynamic float [i.e., the company has the negotiated rate as a backstop, but the traveler will get the dynamic rate if it's lower]. Some chains are offering that float immediately, but some are not starting it until Jan. 1 or even the program start [date] for the corporation. That is something buyers should look out for. If you can, push for the dynamic float to start now.

On Contract Terms: Some chains will be flexible with the rollover and float, and willing to entertain properties being added to programs. Others are saying, "You will sign this now and you will not negotiate for the next 18 months." So, if you make a change to the program, the agreement may be off the table.



LOOK WHO'S TALKING...

Ann Dery, S&P Global Director of Global Travel

On S&P Global 2021 Hotel Strategy:

Our program cycle is June 1 to May 31. I extended rates through December when the pandemic hit. [Going into 2021], it's possible we'll go with all dynamic rates. I don't really foresee a way I can negotiate in good faith any sort of static discount when I have no idea what my volume will be. We will do an audit of all the properties first to see if they are open, then we'll see if negotiated rates are anywhere near the best available rate.

On 2021 Negotiated Rates: I've looked at a study where the average [negotiated] discount was 17 percent off BAR, which sounds about right—somewhere between 10 percent and 20 percent, depending on the market. I assume the companies that are going to get 30 percent [discounts] are the Oracles, Googles and Microsofts of the world.

On Sustaining Supplier Relationships: It's been challenging and it's different with different suppliers. We've had one hotel partner with our account manager returning from furlough and actively engaging with us. Others are still "MIA." One company has asked me to go through a general email address to request information. I was really surprised, and it's a bit alarming.

On Cleanliness Guarantees: The focus on cleanliness and protocols is one of the positive things to come out of this. But how does a hotel company guarantee those standards especially when so many are independent franchisees? We've had an experience where travelers flagged a hotel that was not living up to the enhanced standards. Our account manager handled the situation immediately, comped the rooms and moved the travelers to new hotels. That helped salvage the situation, but the [cleanliness] guarantee didn't work. Buyers will need to push for accountability in this area.

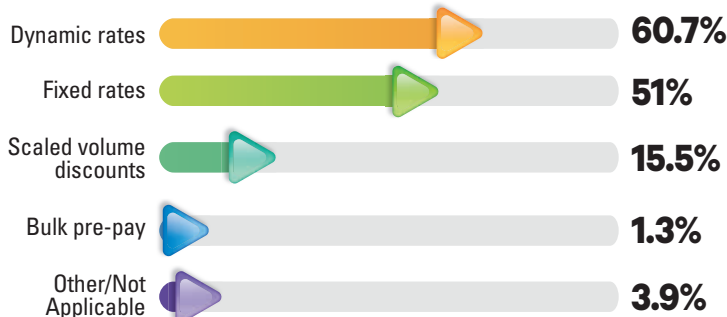


LOOK WHO'S TALKING...
Bjorn Hanson, NYU School of Professional Studies Jonathan M. Tisch Center of Hospitality Adjunct Professor

On Taking the Negotiating Reins in 2021: My annual hotel industry report predicts rate cuts of up to 25 percent. Some [buyers] are saying they don't know what to do and aren't going to issue RFPs, but people who have the best ability to negotiate right now are corporate travel managers.

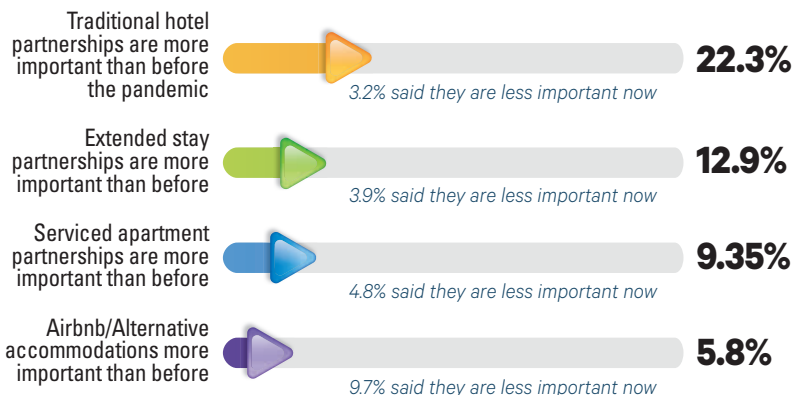
On Onsite Service Levels & Responsiveness: Many hotels are not fully staffed yet, and some front-of-the-house employees could be supporting reduced housecleaning staff, for example. A general manager might now be responsible for multiple hotels, so they might not be on the premises if there's an issue at another property, or the front desk person has a sign saying "back in 10 minutes" because they are delivering towels to a room.

HOTEL AGREEMENT STRUCTURES



Source: BTN 2020 State of the Industry survey, 310 travel buyers

HOW LODGING PARTNERS MEASURE UP AS BIZ TRAVEL RETURNS



Source: BTN 2020 State of the Industry survey, 312 travel buyers.



LOOK WHO'S TALKING...
Tobias Ragge, HRS Chief Executive Officer

On 2021 Hotel Rates: Nearly all HRS clients submitted RFPs and their negotiations have produced reduced rates. When you look at the top 100 global destinations, then you see double-digit deductions, like in New York City and San Francisco.

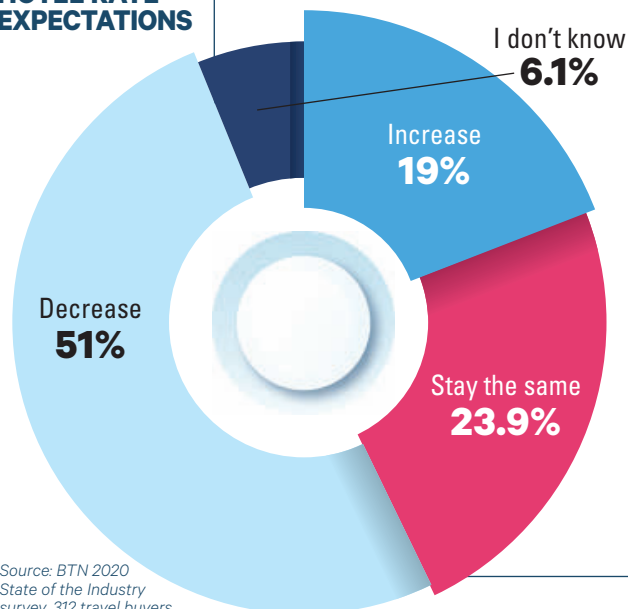
On Right-Sizing the Supplier Base: HRS is bundling customers' supplier portfolios. As the pandemic has reduced travel volume, corporates need to reduce the number of participating hotels in a program to make sure they still have buying power and something the hotel partner is willing to commit to.

On Pockets of Pandemic Recovery: Occupancy in China is already above 65 percent. They had the Golden Week [holiday] and domestic leisure travel. We also see that domestic transient business travel is back to normal. But China is an outlier. We do see the growing infection rates in Europe and the US.

On the Pandemic Impact on Hospitality Technology: Technology enhancements at hotels have accelerated, not just for cleaning, but also for touchless experiences. Virtual payment is now a core topic to discuss. It's a smart integration into the hotel and creating a better experience for the traveler—no invoices, no filling out expense templates. ■

82%
of travel buyers will negotiate hotel and lodging rates for 2021

2021 HOTEL RATE EXPECTATIONS



Source: BTN 2020 State of the Industry survey, 312 travel buyers

In Conversation: Ground Transportation Partnerships in 2021

Moving into 2021, suppliers are courting corporate travel buyers with more favorable agreements. However, buyers need to vet suppliers continuously for long-term financial stability in order to ensure quality product and service for their travelers. Here's what the industry is saying about recovery and how corporate agreements and pricing are shaping up for 2021.



LOOK WHO'S TALKING...
Sascha Meskendahl, Blacklane Chief Revenue Officer
On Chauffeured Category Survival:

The Covid-19 pandemic has weakened our industry just as it has across travel. Some companies ceased operations and others had painful layoffs. Some delayed payments to affiliates and some filed for bankruptcy protection. Travel managers need to understand if their chauffeur providers will endure the pandemic. That requires asking suppliers potentially uncomfortable questions about layoffs, affiliate payments and bankruptcy filings.

On Sourcing Safe Solutions: Safety and security dominate the conversation with corporate travel managers. Corporates want to know how clean and sanitized each step of employees' journeys will be. Therefore, many are delaying lengthy RFPs. Instead, their focus is immediate safe solutions for employees who have essential travel. In these cases, they're accelerating the review process to select the best providers.

On Rising Rates in 2021: Chauffeurs disinfect vehicles before and after each ride, and that time reduces the number of rides they can perform. This new normal of operations will likely increase fares industry-wide in 2021 for airport transfers, hourly service and other rides within a metropolitan area. While travel managers and travelers understand this, Blacklane is keeping fares as stable as possible by helping chauffeurs best utilize their capacities during the course of a day.



LOOK WHO'S TALKING...
Dave Kilduff, DK Consulting Group CEO
On Ground Transportation Industry Pain:

If the corporate world does not start traveling six months from now, I can't tell you the financial shape of who's going to be left. The more pain they feel, the more they have to cut, whether it's getting rid of more fleet, cutting more employees, borrowing more money if they can, going out of business or going bankrupt. When the world [gets back to travel], it's going to be an issue of who has employees, who has a fleet to service that business. Continuous vetting of suppliers is one of the most important things you can do going forward—who you are doing business with, who is financially stable or, at least, the most financially stable.

On Going Beyond the RFP: One of the things happening in car rental is location closings, where some of the companies aren't doing business in whole areas. One supplier may not have location and service where you need it. It's now a more important time to do an RFP. The issue is you can't stop at the RFP. You have to continue to vet.

On Falling Rates in 2021: Car rental and chauffeur prices are going down. They are competitive and the suppliers want to talk to corporate travel buyers. Now is a good time to look at your ground transportation because when it picks up, you don't want to be sitting there with suppliers that have issues.

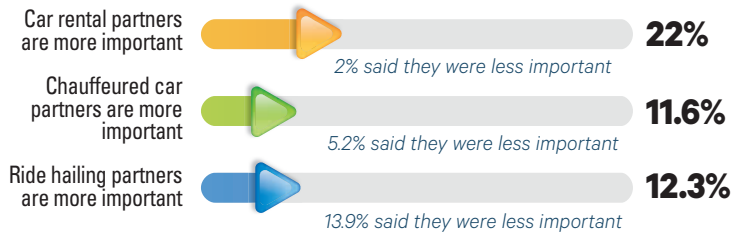


LOOK WHO'S TALKING...
Don Moore, National Car Rental SVP of Business Sales
On Travelers Hitting the Road:

Customers are starting to travel again, and their trips are longer. Some customers have decided to wait out the pandemic and some have decided to wait for the restart of business to decide what to do. We've had many RFPs we've gone through. We've taken into account, like any time of the year, length of rental, where we are renting from, type of rental.

On Changing Rental Patterns: A lot of our business has changed. It used to be the road warrior would pick up a vehicle on Monday morning and return sometime during the week, but their rental

HOW GROUND TRANSPORTATION PARTNERS MEASURE UP AS BIZ TRAVEL RETURNS



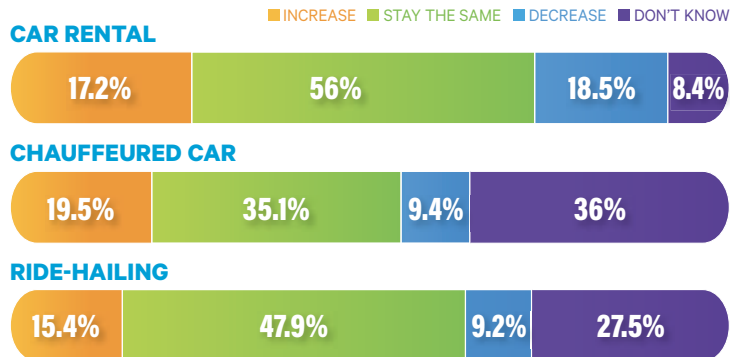
Source: BTN 2020 State of the Industry survey, 310 travel buyers.

HOW MANY BUYERS WILL PURSUE GROUND TRANSPORTATION PARTNERS?



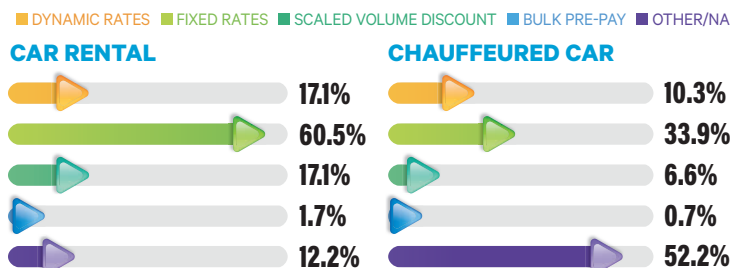
Source: BTN 2020 State of the Industry survey, 310 travel buyers

GROUND TRANSPORTATION 2021 RATE EXPECTATIONS:



Source: BTN 2020 State of the Industry survey, 307 travel buyers

GROUND TRANSPORTATION 2021 AGREEMENT STRUCTURE



Source: BTN 2020 State of the Industry survey, 304 travel buyers

34% of travel buyers will negotiate car rental rates for 2021

14% of travel buyers will negotiate chauffeured car rates for 2021

11% of travel buyers will negotiate ride-hailing rates for 2021

was Monday through Wednesday or Thursday, then we would use other types of business to supplement the weekend and so forth before the road warrior picks up again Monday morning. Because a lot of folks are renting in their home city market now, some of them are picking up vehicles and going somewhere for the weekend then somewhere for business.

On Contracts: If corporate clients want to redo a contract, we encourage them to do it. That helps us plan for the future. If we know what type of customers and how many customers we are going to have in place, it gives us the ability to buy cars when we need them in whatever location we need them.



LOOK WHO'S TALKING...
Bill Amaral, State of California Business Partnership & Travel Manager

On Making Do with Fewer Transportation Options: Trains and bus schedule reductions have impacted our ability to use those services. We are waiting for car rental operations to get back to normal—many locations have shut down due to lack of business.

On 2021 Car Rental Rates: We're locked into a contract right now, so I think our rates will remain stable even though our volume took a nosedive after shelter-in-place orders this year.

On Travel Activity & Demand: We started to kick back into gear this year, only because of the California fires. We rely on our car rental provider for four-wheel drive vehicles and sport utility vehicles to assist and respond to the fires. We have service level agreements that they have to meet, and we are secure that our provider will continue to meet those. Some locations are temporarily shut down, but we have other options to pick up the vehicles or get them delivered. ■

Startup Shakeup

Travel managers told BTN innovation will be more important coming out of the pandemic. As startups face revenue woes and established players seek to bolster offerings, will the industry deliver?

Corporate travel may be in the deep freeze while the global pandemic persists, but deal-making is heating up in the sector, which has seen a spate of startup acquisitions and distribution partnerships in recent months.

The particulars of each deal vary, but taken together, the reshuffling embodies the intersection of two of the most powerful forces currently affecting the industry: financial turmoil arising from corporate travel's standstill; and the onus on legacy providers to reposition their value proposition to clients—pressure that began well before Covid, but has taken on increased urgency since the onset of the pandemic.

Over the past six months, a series of corporate travel startups—most launched within the last few years and billed as digital-driven disruptors—have been acquired by established industry players.

The buying spree began in late April, with business spending management provider Coupa purchasing corporate travel app developer ETA. In June, Flight Centre Travel Group nabbed enterprise-targeted online booking tool provider WhereTo, while corporate travel savings and incentive specialist Rocketrip in September was bought by Mondee Holdings, a consortium of travel technology, service and content providers.

Mid-October saw American Express Global Business Travel acquire 30SecondsToFly, whose AI-driven booking and support chatbot was used by several travel management company partners, including Flight Centre, which also

owned 10 percent of the company. American Express GBT will integrate 30SecondsToFly's technology into its booking tool, mobile app and other messaging channels, but as of mid-October had not decided whether it will continue to support 30SecondsToFly's pre-acquisition TMC partners, according to the company.

Meanwhile, flight disruption and rebooking specialist Freebird was taken off the broader corporate travel market entirely in August, going under the umbrella of credit card issuing bank Capital One, which said it would sunset Freebird's standalone products.

A BUYERS' MARKET, BUT NOT A FIRE SALE

The shutdown of essentially all corporate travel in the wake of Covid's onset earlier this year was a gut punch to the industry as a whole, but was an even more devastating blow to many younger, smaller companies—particularly those that were more dependent on transaction revenue than venture capital reserves.

WhereTo was one such provider, according to company founder and CEO Ryan Wegner, who said the pandemic “decimated” his firm's revenue and brought negotiations with several prospective enterprise clients to a screeching halt. Faced with those headwinds, WhereTo had two options, according to Wegner: “either hibernate and let go of a huge amount of our company or get acquired.”

But the financial uncertainty stemming from the brutal business conditions of the Covid era “does not mean that every company is a fire sale,” noted Amex GBT executive vice president of product and strategy

Evan Konwiser.

“A lot of savvy teams realize that if you're going to find a home, this is a better time to be more serious about that than you had in the past,” said Konwiser, himself a former startup founder who still keeps a close eye on the startup scene in his position at Amex GBT.

Providers such as WhereTo, 30SecondsToFly and Freebird all in recent years had demonstrated staying power and proof of concept that their respective services offered significant value for end-users—and thereby for more mature companies seeking to bolster their own offerings, Konwiser added.

From the perspective of a proven startup weighing its next move, Covid may simply serve to accelerate the timeline of what would have been an eventual sale anyway, Konwiser added. “Certainly, the pandemic created an environment where the risk/reward of going to a bigger company flips to ‘let's do it’ versus, ‘Maybe we wait another year,’” said the Amex GBT product chief.

“A lot of savvy [startup] teams realize that if you're going to find a home, this is a better time to be more serious about that than you had in the past.”

Amex GBT's
Evan Konwiser

PROVEN CONCEPTS

Meanwhile, from the buyers' perspective, the recent acquisition targets each presented a compelling business opportunity to add capabilities that were complementary to existing offerings, observers noted.

In the case of Amex GBT's acquisition of 30SecondsToFly, that meant bolstering the TMC's ability to provide omnichannel automated travel booking and management support to clients—a capability expected to be at a premium moving forward.

“Covid has spurred the need for more automated communication,” across multiple channels, said travel industry consultant Norm Rose, who has been a longtime advisor to 30SecondsToFly. “So, there is definitely a good fit of what was needed versus what [30SecondsToFly] supplies... and it fit in very well with GBT’s view of where things are going for the industry.”

Of course, the unsettled state of the industry at the moment may have helped Amex GBT add those capabilities at a more attractive price that would have been possible pre-Covid, Rose conceded.

“Were they able to obtain 30SecondsToFly maybe at different terms than they would have in a non-Covid world?” said Rose. “Probably, but that’s about as much as I’ll say.”

Meanwhile, Flight Centre’s acquisition of WhereTo likely was driven by competitive forces that had been in place well before the onset of Covid, including the push by TMCs to offer their own integrated online booking tools that complement their other agency services, Rose noted.

That approach—embodied in recent years by purpose-built integrated platforms from the likes of TripActions and AmTrav—since has been adopted by the major legacy TMCs, all of which have made strides toward building out their own OBT platforms.

“Therefore, Flight Center may have felt like they were at a deficit by not having their own integrated booking system,” to offer clients, Rose speculated—adding that WhereTo’s enterprise-focused OBT platform

would be a good fit for Flight Centre’s roster of large corporate clients.

PARTNERSHIP PATH

But the recent spate of deal making involving startups hasn’t been limited to acquisitions. Some younger companies have instead been exploring new distribution channels.

For example, small- and midsize enterprise-focused travel management and expense specialist TravelBank in August kicked off a new TMC partnership model with the announcement that the company’s technology platform would power a new “gray-label” booking and expense management tool designed for TMC World Travel Inc.

TravelBank said it was exploring a variety of models for working with additional TMCs, including technological partnerships, reseller deals and other structures.

And in September, off-channel travel booking capture provider Traxo launched its new “Traxo for TMCs” program, with Fox World Travel as its first TMC partner. Traxo says other TMC deals are in the pipeline, including at least one major travel management player.

Upside Business Travel also has made a strong foray into TMC partnerships, with the unmanaged and lightly managed-focused OBT recently striking reseller deals with Omega World Travel, Short’s Travel, Hess Corporate Travel and Hunter World Travel and eyeing future alliances with more regional U.S. TMCs.

Beyond providing a booking tool, Upside’s value proposition to partner TMCs includes the potential to tap into Upside’s revenue model of marking up wholesale discounts from end suppliers—a pricing structure that could help TMCs move away from transaction fees.

NEW DEMANDS MEAN NEW OPPORTUNITIES

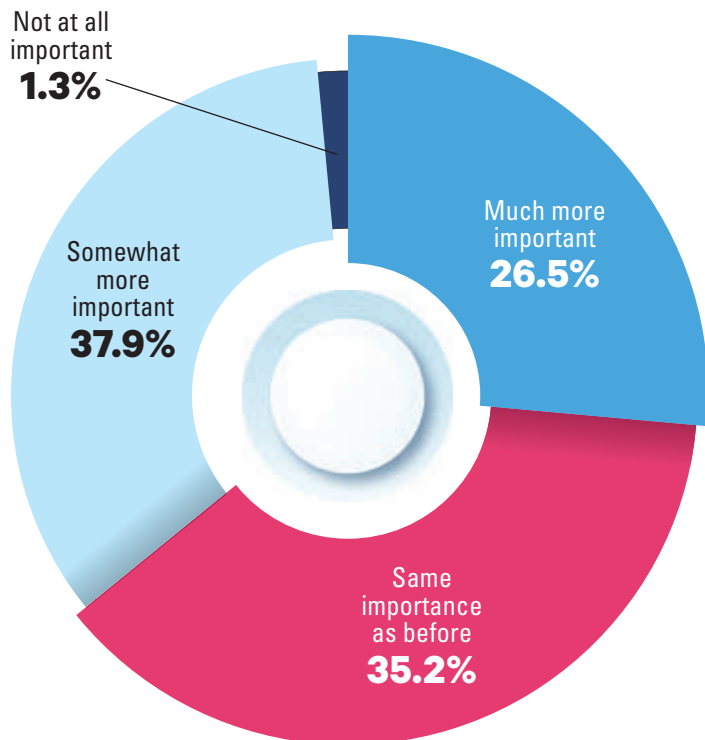
Whether revamped revenue models or new tech-based tools and capabilities, the startup sec-

“Covid has spurred the need for more automated communication across multiple channels..”

Travel Tech Consulting’s Norm Rose

INNOVATION IMPERATIVE

How important is innovation and travel process digitization for your company as you return to travel after the pandemic?



Source: BTN 2020 State of the Industry Survey, 298 travel buyers



tor has much to offer established TMCs, which have in recent years been compelled to redefine their value proposition to clients beyond simply providing booking and trip management functions.

That pressure was evident in pre-Covid deals like Amex GBT's multi-year alliance with SME-focused travel and expense management provider Lola and Flight Centre's January investment in browser-extension specialist Shep, which at the time provided notifications when travelers attempt to book off-channel. That startup has now shifted its value proposition.

By giving rise to new demands and priorities among travel buyers, Covid-19 has given TMCs a fertile opportunity to demonstrate value by serving those needs, which include robust duty-of-care functions and richer data capabilities to manage

spending and calculate return on investment for travel.

While some larger TMCs will focus on building out their own services in those areas, the current buyers' market likely makes acquiring startups at a discount an attractive method of adding those capabilities for many.

Meanwhile, smaller and regional TMCs are apt to become fertile distribution channels for innovators and specialty service providers via reseller deals or other partnership forms, observers note.

"There is a tremendous new opportunity with mid-market TMCs," said John Rizzo, CEO of travel management provider Deem, which has inked partnerships with Short's and Direct Travel in recent months.

That because many of those TMCs' clients are re-examining their travel programs and tech-

"There is a massive need to think about [travel] programs and broaden the aperture around business travel and value added."

Deem's John Rizzo

nology-based services—and, with actual travel still largely grounded, have significantly more time to devote to that undertaking.

"There is a massive need to think about [travel] programs and broaden the aperture around business travel and the value added," said Rizzo. "And because travel managers have more bandwidth now, they're starting to look in more depth into metrics they hadn't seen before."

That in turn has given many travel managers a clearer view of how their program is working—and what tech-based improvements need to be made.

"Now that there's more time to look at what's really going on, there's more knowledge and understanding of what's happening with technology," Rizzo continued "And that is causing people to look more openly at change." ■

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Technology Trend Watch

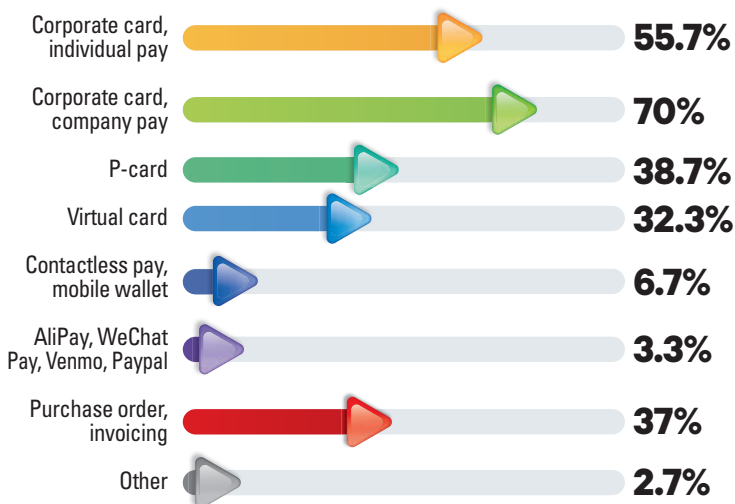
PAYMENT PATHWAYS

Driven by demand from spending managers for greater security and better cost controls, and bolstered by increased acceptance from end-suppliers, virtual cards have carved out a significant market share in corporate payments—though plastic corporate cards remain the most dominant payment tool, followed by other traditional methods including P-cards and invoicing.

Virtual cards and mobile wallets have been touted by many as a natural pairing to extend v-cards' functionality to in-trip purchases and solve the longtime problem of hotel front-desk friction, but it seems that combination has yet to gain major ground, due mainly to an overall low penetration of mobile wallets as a whole. However, hygiene concerns stemming from the Covid-19 pandemic have put a premium on contactless payment methods and are widely expected to drive more mobile wallet usage.

Meanwhile, mobile-based P2P payment services like AliPay and Venmo have managed to carve out a small but significant foothold in the corporate T&E sector, which could lead to further penetration of those consumer tools.

Which of the following payment vehicles does your travel program support?



Source: BTN 2020 State of the Industry Survey, 300 travel buyers

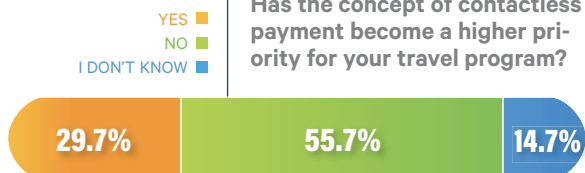
LOOK, NO HANDS

Given the widespread acknowledgement that hygienic concerns will be top-of-mind for corporate travel managers in the wake of Covid-19, the results here were a bit surprising. It's possible that the more than half of respondents who hadn't increased their focus on contactless simply have bigger issues to deal with at the moment—like getting travel up and running again, dealing with supplier shortfalls amid the ongoing pandemic and navigating financial headwinds within their own organization. Others—especially those supporting mobile wallets—may already have been prioritizing contactless.

It's also possible that the demand for contactless options hasn't yet registered on the travel management radar. Once employees begin to travel in earnest and

realize how many payment touch-points they have along the journey, the demand for touchless corporate payment options could spike.

Has the concept of contactless payment become a higher priority for your travel program?



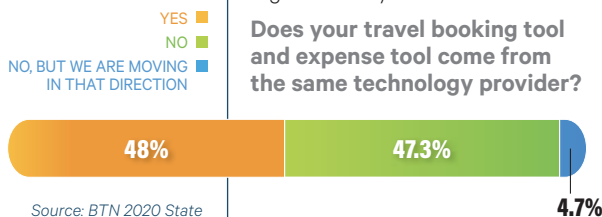
Source: BTN 2020 State of the Industry survey, 300 travel buyers

EXPENSE TECHNOLOGY STRATEGY

SAP Concur got the ball rolling on the unified booking and expense model with its acquisition of Out-task in 2006. The idea has become steadily more popular since then, with an ever-growing roster of providers offering both services under one roof. Survey respondents were close to being evenly split on the matter right now; however, future intentions of a few respondents show a move in the direction of combined system. No one indicated they would be moving away from a combined travel and expense technology.

The next step in the evolution of the integrated model could be the addition of native payment tools. Several expense and booking players are working to complete the trifecta, offering all three core T&E services on a single platform, touting a simplified tech stack, breakdown of data silos and a single client-vendor relationship to manage as among the key advantages of a fully unified model.

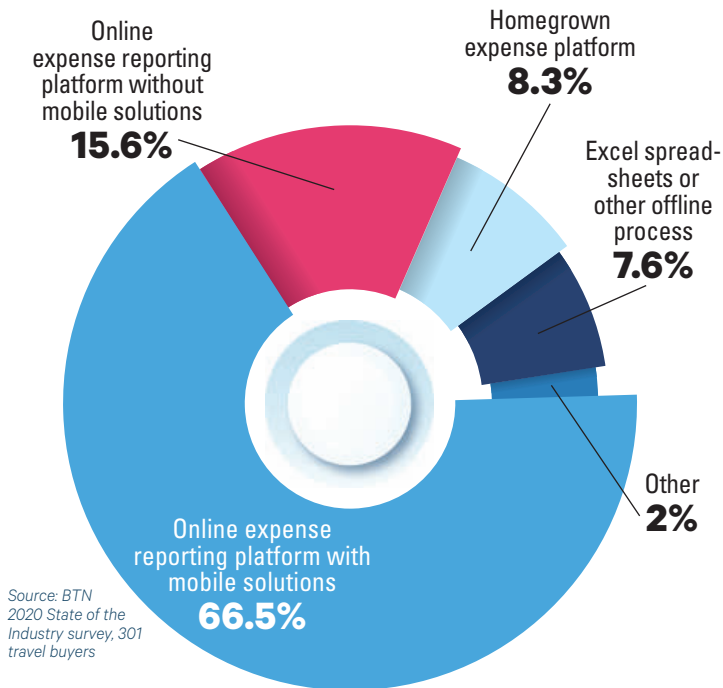
Does your travel booking tool and expense tool come from the same technology provider?



Source: BTN 2020 State of the Industry survey, 300 travel buyers

Given the advances that have been made over the past decade in expense management technology, it's hardly surprising that more than 80 percent of respondents were leveraging such tools—nor that the vast majority of those also support a mobile component. For the 7.6 percent still clinging to low-tech methods such as Excel spreadsheets—especially small companies with little T&E to manage—that model may work just fine on the surface. But with ever-more online solutions designed—and priced—with the SME segment in mind, it's the rare company that won't be able to reap at least some benefit from modernizing their processes.

What type of expense reporting technology does your organization use?



TRAVEL INTELLIGENCE

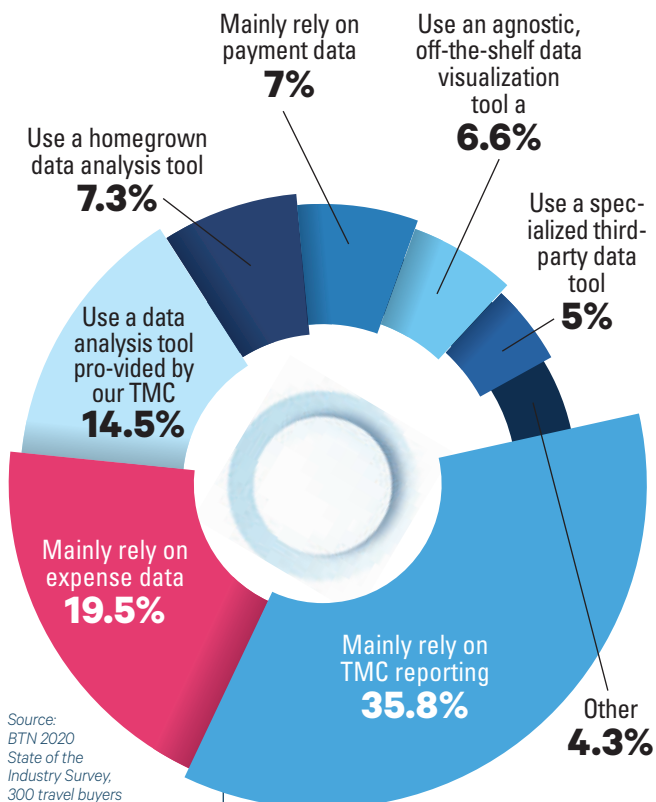
Travel data analysis continues to be among the most time-consuming tasks for travel managers, and they are using a plurality of tools and strategies to get the job done. The percent of travel managers that relies exclusively on reporting offered by a single data source—either the travel management company or expense provider—continues to fall. More buyers are bringing multiple data sets to the table to get a better view of their total travel program, but this group is still not a majority. Taken all together, about 68 percent of travel managers still rely mainly on a single data source; this includes a handful who are using more advanced data tools offered by their TMC (as opposed to static reports) but that only include agency data.

Some agencies are offering an assist in diversifying the data set. Among the 14.5 percent of buyers who said they use TMC-provided data tool, 57 percent said their agency brings in more than one data source. This is most likely a payment feed—though BTN didn't directly ask survey respondents this question. A handful of TMCs

have recently adopted off-channel data capture partners to offer their clients a more holistic view of total travel, not just itineraries booked within the channel. Adding this data to the mix may prove eye-opening to travel managers. The industry may see more TMCs beefing up their intelligence tools as a differentiator and to automate previously manual tasks performed by their data teams.

Nearly one-fifth of surveyed buyers is more advanced data analysis tools, whether homegrown, off-the-shelf tools like Tableau, Domo or Power BI or from specialized travel intelligence data providers like PredictX, Data Visualization Intelligence or Cornerstone. ◀

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