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BTN
BUSINESS TRAVEL NEWS

MAVENS

Takeda Pharmaceuticals' Nadja Haag joins a Meetings Mavens panel to analyze the potential and challenges of restarting live events.

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Covid-19 vaccines now are widely available in the United States, and travel managers now must grapple with privacy and policy concerns.

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Don't expect 2019 levels of business travel anytime soon, cautions Arthur D. Little senior advisor Patrick Diemer, a former AirPlus exec.

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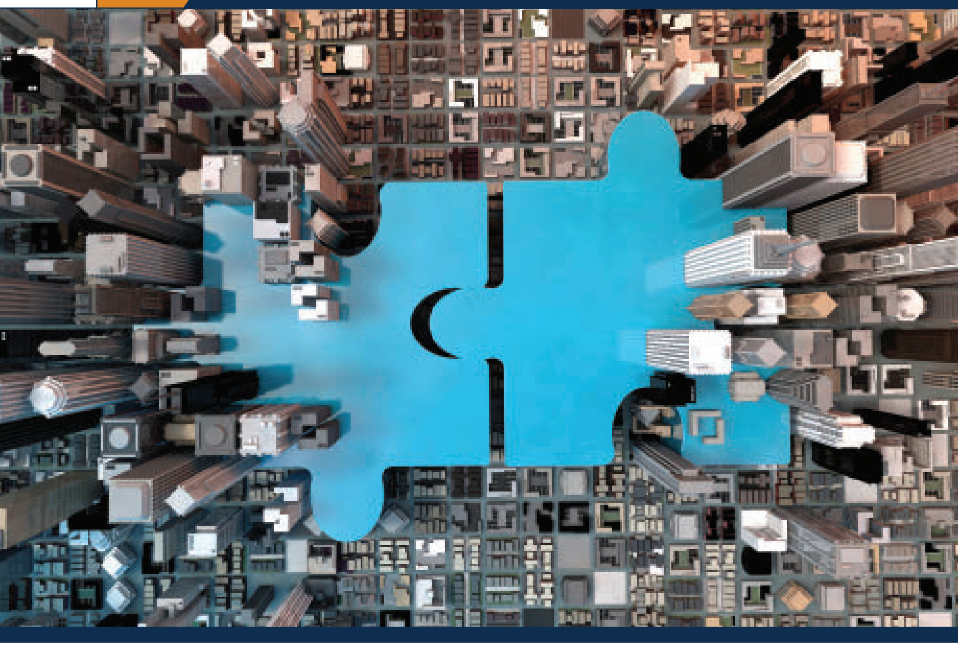

BY ADAM PERROTTA

Will Consolidation Put the Squeeze on Midsize TMCs?

THE AMEX GBT-EGENCIA DEAL MARKS A MAJOR INDUSTRY SHIFT, BUT AS CONSOLIDATION CONTINUES, MIDSIZE TMCS MAY BE A VANISHING SPECIES.

The month of May opened with a trio of major travel management company acquisitions announced over three consecutive days. On May 4, American Express Global Business Travel disclosed plans to acquire Expedia's Egencia corporate travel division, which would combine two of the five largest global corporate TMCs. That megadeal was book-ended by two other major TMC moves: Frosch International Travel's purchase of Valerie Wilson Travel a day prior and TripActions' acquisition of Reed & Mackay, announced May 5.

More deals surely are on the way as legacy providers seek to bolster their

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Suppliers Say Staffing Shortages Drag Recovery

BY DAWIT HABTEMARIAM

"The No. 1 thing we hear from our franchisees is getting the labor they need into their hotels," Choice Hotels International president and CEO Patrick Pacious said this month during the company's first-quarter earnings call in response to a question about staffing shortages. U.S. hotels and other suppliers say they are struggling to get workers back as demand heats up, which could lead to servicing problems and higher prices for business travelers in the coming months.

"It's one of the most important issues because it is very difficult, particularly here in the U.S., to get labor, and it is constraining recovery at certain times because you just can't get enough people to service the properties," said Hilton CEO and president Christopher Nassetta during Hilton's first-quarter earnings call.

Along with hotels, ground transportation firms and restaurants say they are struggling to bring back staff. "When it comes to recruiting workforce, in January, 8 percent of restaurant operators rated recruitment and retention of workforce as their top challenge; by April that number had risen to 57 percent," said National Restaurant Association SVP of research Hudson Riehle.

"Across the entire industry, ground transportation has an employee shortage issue, a base of people who do not want to come back to work," said ground transportation industry consultant David Kilduff. "Drivers in the limo, black car, taxi, ride-hail and especially the bus industry are extremely hard to find."

Airlines generally have not cited similar problems with respect to general staffing. This is in part

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New United Airlines SVP of worldwide sales Doreen Burse discusses how customers are approaching contracting.

"Has the face of the traveler, the demographics, changed? Do we need to stay out ahead of where they're going to be traveling to and from? The answers have been inconsistent."

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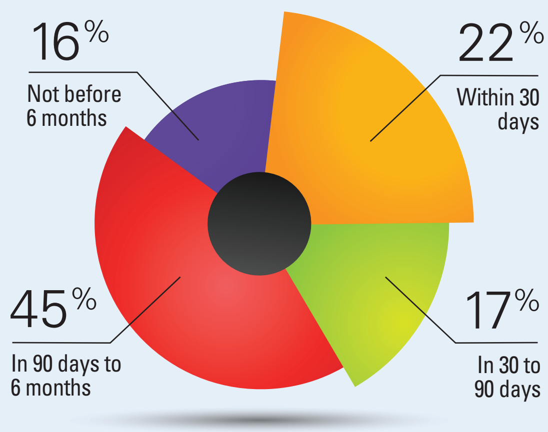
When Do Business Travelers Expect to be Comfortable Attending Small Meetings?

Source: GoldSpring Consulting March survey of more than 5,000 travelers worldwide from 10 companies



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Industry Applauds EU Plan to Open to U.S. Travelers, Urges Further Steps

BY ADAM PERROTTA

Travel industry stakeholders havecheered the European Commission president's comments that she expects the European Union to accept travelers from outside the EU who've been vaccinated against Covid-19, but said additional steps must be taken to support the return of cross-border travel—particularly around the procedures by which travelers will prove they've been vaccinated.

In an interview with the New York Times published on April 25, EC president Ursula von der Leyen said the EC plans to recommend allowing travelers from outside the EU to enter provided they've received a vaccine approved by the European Medicines Agency, the EU's drug regulator.

"All 27 member states will accept, unconditionally, all those who are vaccinated with vaccines that are approved by E.M.A.," von der Leyen told the Times.

Because all three vaccines currently approved for use in the U.S.—Moderna, Pfizer/BioNTech and Johnson & Johnson—have received EMA authorization, that means vaccinated Americans will be covered by the policy switch, the EC president added.

Von der Leyen didn't specify a concrete timeline as to when the EU will open its borders to approved travelers and added the caveat that the relaxing of restrictions will depend on the "epidemiological situation" in both origin nations and within the bloc.

International Air Transport Association director Willie Walsh called the plan as put forth by von der Leyen "a step in the right direction," but said more details of the EC's proposal are "essential" to help air carriers be fully prepared for the resumption of travel to the EU.

"It is imperative that the EC works with the industry so that airlines can plan within the public health benchmarks and timelines that will enable unconditional travel for those vaccinated," said Walsh in a statement.

The IATA director also cited as a critical element of the plan the method by which non-EU travelers will be expected to prove they've received an EMA-approved vaccine.

The Times cited unnamed EC officials who said talks between the EU and United States about certification procedures have been ongoing, and that temporary processes could include issuing an EU certificate equivalent to travelers who present a U.S.-issued certificate upon arrival.

> **"It is imperative that the EC works with the industry so that airlines can plan within the public health benchmarks and timelines that will enable unconditional travel for those vaccinated."**
>
> —IATA'S WILLIE WALSH

But Walsh advocated for a more unified—and high-tech—approach, calling for the implementation of "clear, simple and secure digital processes for vaccination certificates."

Several such tools, commonly known as digital travel passports, have rolled out in recent months. Those include IATA's own Travel Pass, IBM's Digital Health Pass, the Certus MyHealthPass from Swiss security provider SICPA and the AOKpass, developed by the International Chamber of Commerce and travel risk management specialist International SOS.

But with each passport supported by a patchwork of different suppliers and jurisdictions, the health certificate ecosystem remains largely a work in progress.

"We are still awaiting the development of globally recognized standards for digital vaccine certificates," Walsh said.

Andrew Crawley, chief commercial officer of American Express Global Business Travel, applauded the EC plan as a move away from the "ineffective blanket quarantine measures" that had been in place, but he echoed the critical importance of establishing a cross-jurisdictional vaccine certification framework.

"Governments must still urgently agree on mutual recognition of the accredited Covid health certificates that travelers will need to leave and enter countries," Crawley said.

Additionally, Crawley called for the establishment of a "safe and seamless" travel corridor between the U.S. and U.K. "as soon as is feasible."

A U.S.-U.K. travel corridor "would be good for both economies and would be profitable for the many transatlantic airlines," Crawley said—adding that such a program would be simpler to design and implement than an EU-wide framework.

"The volumes would be manageable, and it would not be such a shock to the system as opening up large chunks of Europe," noted Crawley. "And crucially, the U.S.-U.K. routes could be a testbed for new processes around those digital health certificates, which has not yet been trialed at scale. This could provide a template for the overall restart of travel internationally."

While the easing of border controls would benefit all types of travel, it could be a particular boon to corporate travel, as such restrictions ranked as the greatest barrier to the resumption of business travel in a recent survey by the Global Business Travel Association, noted GBTA CEO Suzanne Neufang.

Neufang said the organization had been advocating an EU-wide approach to crafting and implementing relevant policies in order to minimize discrepancies between the rules in different member states.

"This coordinated approach across all of the 27 member states is vital to dispel confusion and restart transatlantic business travel," Neufang noted. "GBTA has been lobbying the EU commission for a collaborative return to business travel with a common approach across the region for a safe return to business travel."

On the Record

New United Airlines Global Sales Leader Preps for Fall Rebound

Former Marriott sales executive Doreen Burse moved to the airline side of the industry earlier this year, taking over as United Airlines' SVP of worldwide sales on March 1. She recently spoke with BTN transportation editor Michael B. Baker about her plans in her new role, the latest she's hearing from corporate customers on returning business demand and how United customers are approaching contracting as they prepare to emerge from the pandemic.

United's Doreen Burse talks:

- Inconsistent but optimistic corporate travel sentiment
- Managing potentially changing points of sale
- Becoming nimbler with route adjustments

WHAT GOALS DID YOU SET AS YOU STARTED THIS NEW ROLE?

The primary goal I had coming in was to build on the foundation that had been laid by Jake [Cefolia] before me, and by Dave Hilfman. We have a really strong sales team here that is focused on the customer, and I want to do all the things that give us customers for life, not just because we have great product. Companies do business with companies that have shared values, and United has really stepped up as it relates to that. We want to do business and get folks where they need to be, but we want to be the airline they choose because of many other reasons than that.

WHAT'S YOUR BEST ESTIMATE ON THE TIMING OF THE RETURN OF BUSINESS TRAVEL DEMAND?

There is a pent-up demand from the perspective of getting out there and being with their customers, but it is something that is likely to be seen after the September timeframe. The meaningful increase, in what we're hearing from clients, is after the first of the year, when more budgets are replenished. What's consistent is [that] the answers have been inconsistent. Initially, we heard much less travel, and that it wasn't going to return to the levels they have been. [As we were] getting into 2021 and beyond, we're hearing the opposite. A lot is predicated on borders opening up, vaccine distribution and no wave of some other variant, but we're very optimistic. When I'm meeting folks in person, which we've been doing for those who want to meet in person, there's nothing like doing business in person and building relationships to accomplish their business goals. The travel industry partners we have, we're asking the same questions, and it's very similar.

> "What's consistent is [that] the answers have been inconsistent. Initially, we heard much less travel, and that it wasn't going to return to the levels they have been. [As we were] getting into 2021 and beyond, we're hearing the opposite."

ARE MANY COMPANIES STARTING THE REQUEST-FOR-PROPOSALS PROCESS, OR ARE THEY STILL EXTENDING EXISTING CONTRACTS?

Predominantly, we've extended contracts, making sure when people come back, we have them in place to continue to do business. We are talking to those who maybe haven't done so much business with us in the past and looking at opportunities to be positioned as a strong No. 2 in markets where maybe they're flying less into our hubs but into markets we are serving. Mostly it's been status quo, making sure we're on the shelf and extending those contracts and trying to determine with our customers what's the best way to measure success when we don't have a great 2020 historical view to look at.

One of the things I've been asking is: Do you have a handle on point of sale that might have changed? We know that across the different segments of corporate business, some are more bullish on having folks come to the office. Some are compensating their employees to travel back and forth, and some are not. What I'm trying to ask is: Does it change the point of sale? Do you have a large population that had been based in the Northeast and is now residing in Florida because they can do what they do working remotely? Has the face of the traveler, the demographics, changed? Do we need to stay out ahead of where they're going to be traveling to and from? The answers have been inconsistent, and they're starting to look at that, and a lot of corporations are trying to put their arms around that now.

MIGHT THAT CHANGE THE WAY AIRLINES AND CORPORATIONS APPROACH CONTRACTING ALTOGETHER?

I don't think we'll look at things differently. It puts more emphasis on that continued collaboration with network planning. If the destinations change, the question is, what does network planning look like, and do we have the routes to and from where they need to be? My sense is that we do, and we're planning accordingly for that as we serve those customers.

WHAT ARE YOUR CURRENT NETWORK PLANS?

For international, in May we're resuming service from Newark to Rome and Milan [and] from Chicago to Munich and Amsterdam. In June, we're resuming service from Newark to Athens, from San Francisco to Munich and then in July new direct flights from Newark to Croatia, Washington, D.C. to Athens, and more. I recently interviewed the commercial team, and we had looked at our network in the past, and the lead time to those changes, and how much more quickly we're getting ahead of that. That's a combination of cross-functional relations they have with sales and revenue and others to make sure we're adding routes where there actually is demand.

We have 26 new routes domestically in May from various cities around the Midwest to coastal beach destinations like Portland, Maine, and Hilton Head, S.C. In the first 48 hours of adding those flights, we took nearly 5,000 bookings on those routes, so it's mostly science but there's a lot of collaboration to sharing what we're seeing and hearing and making sure we have the right options available to those who are traveling.

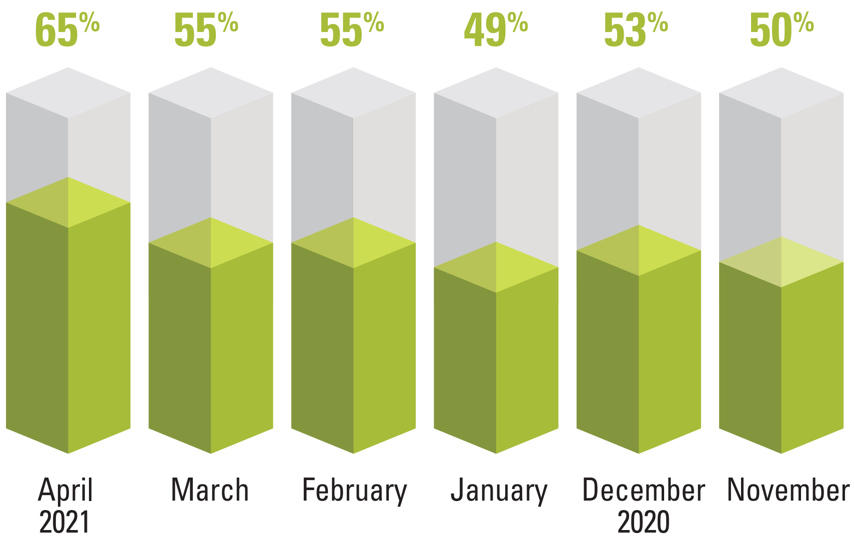
BY CHRIS DAVIS

Business Travelers Assess Their Readiness

Airline, hotel and other travel supplier executives from areas where Covid-19 vaccination rates are highest, like the United States, United Kingdom and Australia, continue to cite increasing demand for leisure travel without a corresponding surge of business travel. But the appetite for business travel is growing for some, what will it take for others to feel comfortable doing so? Some won't travel until they're vaccinated, but others still would like to see supplier measures to mitigate Covid-19. Perhaps the most popular measure would be guaranteeing empty airline middle seats, a policy that now appears gone for good.

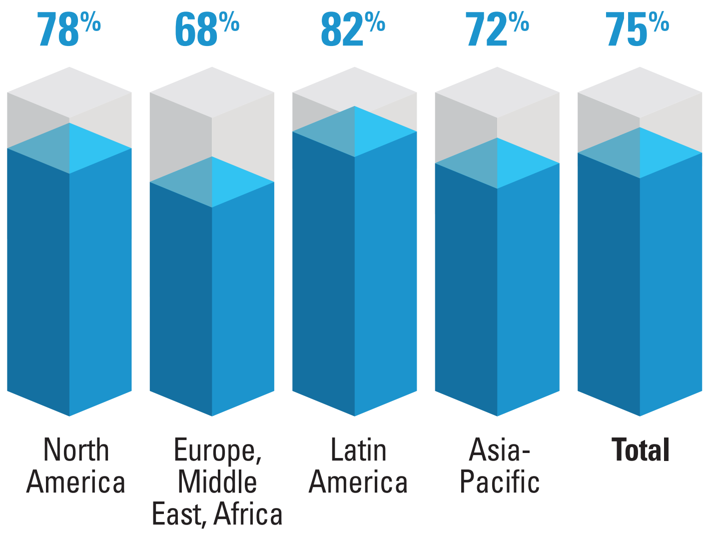
BUYERS SEE INCREASING WILLINGNESS TO TRAVEL

Respondents who indicate their travelers are "very" or "somewhat" willing to travel for business



Source: Global Business Travel Association monthly surveys of member travel managers and procurement professionals

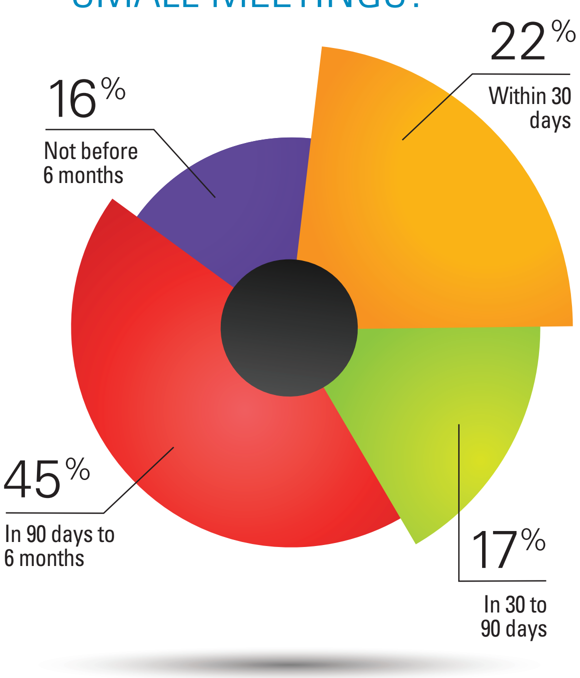
BUSINESS TRAVELERS WHO WOULD PAY EXTRA FOR AN EMPTY MIDDLE AIRPLANE SEAT



Note: Respondents "currently employed with a minimum household income of $50,000, and who travel overnight for business in a typical year."

Source: Chubb/Dynata Feb. 24-March 30 survey of 2,100 business travelers

WHEN DO BUSINESS TRAVELERS EXPECT TO BE COMFORTABLE ATTENDING SMALL MEETINGS?



Source: GoldSpring Consulting March survey of more than 5,000 travelers worldwide from 10 companies

ARC: U.S. CORPORATE AIR SALES SLOWLY INCREASING

	Agency type vs. same week in 2019		
7-Day Period Ending	**Corporate**	**Online**	**Leisure/Other**
April 18	-77.7%	-22.0%	-52.4%
April 25	-76.4%	-18.2%	-49.7%
May 2	-76.0%	-19.3%	-52.0%
May 9	-75.2%	-22.0%	-53.0%
52-week average*	***-85.8%***	***-53.2%***	***-70.5%***

* Rolling average of prior 52 weeks vs. full-year 2019
Source: ARC

33% BUSINESS TRAVELERS WHO TYPICALLY TRAVEL AT LEAST FIVE TIMES PER YEAR FOR BUSINESS WHO SAY THEY'VE LOST DEALS DUE TO THE INABILITY TO TRAVEL.

Source: Collinson Oct. 30-Nov. 10, 2020, global survey of 7,904 business travelers

ASSESSING CHALLENGES FOR THE RETURN TO IN-PERSON MEETINGS

BTN is following a single group of meeting practitioners throughout 2021 to assess corporate meetings' progress as companies return to face-to-face events. Kicking off a three-part series are Zurich-based **Nadja Haag**, global meetings and events manager for Takeda Pharmaceuticals; ZS Associates meetings and travel manager **Suzanne Boyan**; Anthem director of travel and events **Cindy Heston**; and industry consultant **Betsy Bondurant**. They spoke with BTN senior editor Donna M. Airoldi in late April about the issues facing meeting and event departments. Responses have been edited for length and clarity.

HAVE YOU BEGUN TO HOLD IN-PERSON MEETINGS, AND, IF SO, WHAT CONSIDERATIONS ARE YOU FACING?

CINDY HESTON: For Anthem, it's been a cautious journey. We had some live events scheduled for the fourth quarter that we just moved to virtual. One was an internal meeting, and [we] checked with the participants, and they said they prefer to be virtual. … The other piece is if someone comes to us and says, 'I want to have a live event,' we have to consult them and say there has to be a hybrid aspect to it. You need to make sure you are opening both doors and not saying either in-person or nothing, because that is discriminatory. … We have to be cognizant for that dual approach for the rest of this year and possibly into 2022. Then there's the budget: They've all been operating with very low costs, but when you look at a dual option, you'll be increasing your budget a good 40 percent to 60 percent.

NADJA HAAG: At Takeda, leadership made it clear that it was important safety was provided for employees, patients, the health care professionals we do meetings with, and our vendors. Therefore, we haven't had a full lift of the travel ban, especially because the situation is different in many countries. We do see some regions starting to think about hybrid meetings, smaller meetings in the office with strict guidelines and security measurements. For example, a colleague had a meeting in the Boston office, but it was restricted to 10 participants, and people needed to be tested ahead of time. … In Asia-Pacific, they are starting to consider hybrid models. It depends on the countries involved. [One] region decided today for September that they won't go with hybrid and will play it safe and keep it virtual. … It's definitely a bit easier for local meetings. In countries where things are going well, things are slowly picking up.

SUZANNE BOYAN: We are full-steam-ahead planning meetings for Q3 and Q4, but we are ready to pivot as we did last year, based on the comfort level of our people. We have a big global leadership meeting planned for October. A large contingent comes from India, and we are cognizant of what is happening there now, and how it could be perceived to have this meeting. We have to ensure the hotels are on board with a contingency plan should we need to move these meetings elsewhere. With that said, our people do seem excited about the possibility of getting together in-person. … We just got two requests for smaller leadership meetings to take place in Q3 and Q4. Then we're planning a meeting for 850 people for Q2 of 2022. But to everyone's point, we are cognizant we can't just host it in-person. It has to be hybrid. One thing we are trying to figure out is how to make that hybrid experience as good if not better for those who are attending in-person.

BETSY BONDURANT: I've been hearing similar things, but some of the other topics are the reputational risk of going back to face-to-face events. Some companies that are risk-averse are waiting to do face-to-face events until 2022. As far as budgetary concerns, if hybrid, it's not only the financial [element] but also the team needing to be able to deliver that. A lot of companies are struggling with, 'I have a meeting planning team, I have a technology team, or event marketing team, and who is responsible for what?' There are conversations regarding governance and who owns what part so people aren't stepping over each other, but also so there aren't gaps.

ARE YOU USING METRICS FROM VIRTUAL EVENTS TO CHANGE HOW YOU PLAN IN-PERSON CONTENT?

HESTON: What a unique opportunity we have today given the fact that we can track everybody. … You can see how long [attendees] watch a video, how long they were at a booth. … If you were to have a live event in 2022, keep


Betsy Bondurant


Suzanne Boyan


Nadja Haag


Cindy Heston

these hubs open and do ongoing engagement, ongoing videos, so you have this build-up to the live event. … When you get to your hybrid events or live in 2022, you have a really good case study of what [attendees] are interested in. And you can build out your content in a much more thoughtful, data-driven manner. … It gives us more partnership and consistency with our leaders in our organization.

HAAG: It's great having these metrics to see what we can build on for next year and where we need to improve. Also, communications. Should we have made this session more attractive for people to attend? We also [can see] in which regions where we have bigger attendance. Our U.S. and European sessions were much better attended than Asia-Pacific. It's up to us now to know we need to target these regions better and understand how we can attract [people] to join.

IS ANYONE HAPPY WITH THE PLATFORMS THEY ARE USING FOR VIRTUAL OR HYBRID?

ALL: No.

BONDURANT: I understand there is a lot of tension in companies. Some IT folks will say, 'Use our Zoom account.' And it doesn't have the functionality needed for more complex things. For an internal meeting, it's fine. But [IT doesn't] know what is needed by an event marketing firm for example. Another is, in some organizations, there [are people saying,], 'I'm going to use Intrado, I'm going to use On24, I'm going to use XYZ,' and they don't realize that it needs to go through a significant vetting process from security for privacy and all that. Then there is pushback. They've already paid for a license, and all of a sudden the IT and security folks find out about it. Can you use the technology tool that your AV provider or creative agency has versus do you have to own the license? There are lots of things to consider in addition to the actual functionality of the tool.

HAAG: We have multiple vendors, and today I can better recommend to my internal stakeholders which platform I would use for which event, setting clear expectations, because certain platforms are better for these meetings, certain others for [different ones]. For now, there is always a tradeoff.

HESTON: We found a few that have worked really well. Then as we get into a groove with them, there is price creep. Events that were $50,000 in June 2020 are now $100,000 to $120,000 in October [2021]. … I can't have an internal virtual meeting cost over $100,000, especially when you did it in June for [a lot less]. We have four major players we work with repeatedly. We [request for proposals] them for every event and make them price out every line item. They were saying, 'Here's your lump-sum price.' We didn't know what we were paying for. … [One company had] prices that were out of control. … After ignoring them, they'd call and say, 'You didn't respond to my outrageous cost, do you want me to reduce it?' If you are going to price outrageously, I won't call you back. Who has time for that? What are your costs, mark it up 10 percent to 20 percent, and be done. Quit doing this 60 percent to 100 percent markup because you think you will be the magic tool. There are a lot of other tools out there we can use.

WHAT IS THE BIGGEST CHALLENGE YOU HAVE AS YOU BEGIN TO PLAN IN-PERSON MEETINGS?

BOYAN: For us it's the space, but it's also that the hotels we've been in negotiations with are still operating as if the world is not going through a global pandemic. We want to be a good partner. It's not that we don't want them to make money. But they also need to understand. The meeting we are hosting in October is a global meeting. If people can't make it because of quarantine issues, that's a problem. That's been hard to get across to them in understanding that when you enter into these contracts, you can't use Covid as a reason to get rid of it, and they're like, 'You're covered under force majeure.' Well, not really, because we are going into this contract with our eyes wide open. … It's been a struggle, especially for the 2022 meetings. One thing we've done is say that if you don't accept our contract terms, it's a non-starter. Don't even bother RFP-ing. Don't waste your time, don't waste our time. Here are our terms. There is some flexibility in there, but if you can't meet us in the middle at least, then we can't move forward. And it has limited our options.

HAAG: Last year, [our biggest challenge] was technology and finding the right resources. Looking forward, … in the U.S., you have large venues and can usually find a broad variety of places to host a meeting. Here, depending on the size of your meeting, you may end up with three in a city. And especially coming from the pharmaceutical industry, where we cannot choose all the venues due to compliance reasons, we are already a little limited.

HESTON: [It's been] everything. There's no one-size-fits-all. Pre-Covid, our customer knowledge was in-depth, [and] they knew what to expect. Fast-forward to a dynamic where your customer is really at a level of not understanding the platforms. … We are looking at it as an opportunity to partner and to educate, to consult with our internal customers and make sure their outcomes exceed what they want. … Now, we are not only working with security, but also with our Covid committee and the back-to-office committee. What are the protocols they are asking for? Will they do temperature checks? What should we ask for on our registration site as we go back to live meetings? … For years we've been [trying] to augment and complement that opportunity we have with these [virtual] technologies. I think now that it was forced upon them, they see these great opportunities. It's a big pivot for everybody, but it's about time. [There were] unfortunate circumstances to get there, but I'm thrilled to be in this position to partner and lead our organization toward the solutions that really will impact our business in the future.

> **"We are full-steam-ahead planning meetings for Q3 and Q4, but we are ready to pivot as we did last year, based on the comfort level of our people."**
>
> **— ZS ASSOCIATES' SUZANNE BOYAN**

CONTINUED FROM FRONT PAGE

Merger-Mania for TMCs

competitive positions and newer entrants with deep reserves aim to make a splash. The post-pandemic TMC landscape now is coming into view—and it's looking like unchartered territory.

Not Just Business Travel as Usual

The prospect of an Amex GBT-Egencia tie-up makes sense on its face for GBT, which for years has been looking to strengthen its midmarket offerings. Folding Egencia under its umbrella, the joined company would come out swinging post-pandemic with a new sweet spot for programs with air spend in the $3 million to $15 million range. This may be an increasingly large number of programs, courtesy of Covid-19, which has opened wide the door to digital meeting alternatives to what once was face-to-face interactions.

The technology play for Amex GBT is clear as well. The TMC declared its appetite for travel tech innovation in 2016 when it acquired travel and expense platform KDS, including its Neo booking tool. While the Egencia platform and brand will remain a discrete offering under GBT, the tech teams will work together to mutually enhance capabilities.

Both the midmarket aspect and the technology focus will be pillars of growth for GBT's future. According to the May 4 announcement, "with both the Egencia platform and GBT's Neo Technology Group, the business would be positioned to build the best solutions for the future of business travel."

CEO Paul Abbott underscored the midmarket and technology aspects of the deal for GBT, which currently services more BTN Corporate Travel 100 companies than any other TMC.

"In many other industries, companies have a range of products. I don't think TMCs have to be one-size-fits-all," Abbott told BTN portfolio-mate The Beat, adding that the company plans "to invest in the Egencia platform and the Egencia team and really grow it aggressively as an additional solution to our clients."

Should the deal go through, Expedia would become a shareholder in Amex GBT, taking about a 14 percent ownership valued at $750 million—a detail the company disclosed this month during its first-quarter earnings call. It also would cement an expanded and long-term relationship on the hotel content side through Expedia Partner Solutions that stands to generate $60 million, according to Expedia CFO Eric Hart.

Expedia CEO Peter Kern said the prospect was "very exciting" for the company, and would achieve simultaneous goals, distancing the company from actively supporting corporate travel clients by "simplifying" its business and divesting its TMC operation, but still generating revenue from what would be Amex GBT's jumbo-sized volume in the B2B market should the deal go through.

Deal Deluge

Expedia projected the Amex GBT-Egencia deal would close within nine to 12 months. It represents one, albeit a major, deal among several already completed in 2021. And the range of providers involved in those deals—encompassing enterprise mainstays, long-established midmarket specialists and tech-forward, venture-backed startups—offers evidence that the trend toward consolidation is occurring at all levels of the TMC market.

> "We [predict] 30 percent of agencies will be in trouble; either not able to survive the pandemic or not able to put the investment in that is going to be required to manage post-pandemic protocols. That's not anything we're happy to put out there, but it's a reality."
>
> —TCG'S ALBERT TARAS

Along with Frosch's recent tie-up with Valerie Wilson Travel and TripActions' play for Reed & Mackay, Amex GBT purchased Ovation Travel Group in January. In the same month, Europe-based TravelPerk acquired U.S.-headquartered NexTravel, and Direct Travel carved out Short's Travel Management's corporate portfolio. Those deals continued strong TMC consolidation momentum from 2020, which saw Corporate Travel Management's deal to nab Travel and Transport as well as Frosch's acquisitions of Luxe Travel, CorpTrav and a majority stake of Plaza Travel.

While the movement toward consolidation has been widespread, the motivation behind each deal isn't one-size-fits-all. Instead, dealmakers have cited a variety of driving factors. Amex GBT's play for the midmarket is clear, while TravelPerk aimed mainly to increase its U.S. footprint by taking on NexTravel's 700 U.S.-based clients. Meanwhile, TripActions named Reed & Mackay's high-touch/VIP specialty as filling a gap in its own traveler-centric, tech-based platform; servicing the high-touch segment also was a key capability of Ovation, according to GBT.

Frosch's recent string of acquisitions was centered around the TMC's long-running strategy of acquiring providers with similar or complementary client portfolios and connecting those clients to Frosch's tech infrastructure and end-to-end service model, which includes consulting arm TCG Consulting.

That strategy has been kicked into overdrive amid Covid-19, and the financial strain the pandemic has placed upon many TMCs that saw booking transaction revenue slow to a trickle with the shutdown of nearly all corporate travel.

"We [predict] 30 percent of agencies will be in trouble, either not able to survive the pandemic or not able to put the investment in that is going to be required to manage post-pandemic protocols" and associated costs, said TCG CEO Albert Taras. "That's not anything we're happy to put out there, but it's a reality."

With the exit of those providers from the market leaving their clients adrift—and other buyers rethinking their travel programs from top to bottom—TCG expects a surge in demand for travel management services as travel ramps back up.

"Sourcing of agency services will be the headline by the end of August," predicted Taras. "We think it's going to be crazy the number of people who are going to be fundamentally rethinking their agency [strategy]."

By bringing new corporate clients into the fold now via TMC acquisitions, Frosch is positioning itself to fulfill that pent-up demand when the time comes, according to Taras. "Frosch is not only acquiring companies but acquiring clients … and that diversification is going to allow us to come out even stronger," when travel returns, he said.

And Frosch's recent spurt of deal-making may not be done; earlier this year, it landed a minority equity investment from EagleTree Capital, funding that could be leveraged for additional future acquisitions, noted the TMC.

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Industry Starts to Prepare for Post-Vaccine Realities

Travel managers begin to grapple with privacy, policy and ethical concerns as Covid-19 vaccine availability increases.

BY MICHAEL B. BAKER

Covid-19 vaccines now are widely available in the United States, offering a key component of corporate travel industry recovery but also presenting new policy, technology and ethical considerations with which corporate travel programs must grapple.

With all U.S. adults regardless of age, occupation or health status since April 19 eligible for the vaccine, how should corporate travel programs handle this increasing availability? Can they require employees to be vaccinated, at least as a prerequisite for business travel?

The answer to that question "varies greatly depending on where you are" and is best left to each company's legal department to determine, said Andrew Miller, director of Americas partnerships at International SOS. Companies also need to consider questions of equity, said Josephine Johnson, director of research for The Hastings Center, a bioethics research institute. That means making sure not only that all employees have equal access to get a vaccine but also that there are exceptions in place to handle those who are unable to get a vaccine for medical reasons, she said.

TripActions manager of customer success Ryan Patrick O'Neill said he's seen several clients promoting vaccinations among their employees, through such methods as offering gift cards or other incentives to those who are able to get them. As vaccines become more widely available in the future, companies might be able to set up their own onsite vaccine clinics for employees, just as many do with flu shots today, Miller said.

In the meantime, getting a grasp of the situation is the biggest priority for companies, he said.

"The real demand is for access and ability to find accurate information," Miller said. "We have clients with locations all around the world, and they need to know for those given locations what the requirements are for the vaccine and what vaccines are available, and all of that information is changing on a daily basis."

How best to manage their employee's data internally is another top concern for companies, TripActions senior business development manager Elton Dabiri said. "Privacy is such a concern, so how do companies themselves monitor the health records and vaccine status?" he said

TripActions last month introduced new features that addressed both questions. It added a new traveler notification feature that provides updates on changes to restrictions—new quarantine or testing requirements, for example—for a traveler's itinerary. It also added a new centralized hub for travelers to provide their own vaccine information as well as recent Covid-19 test results, which automatically are deleted one week from entry as a data-security measure.

Addressing the Controversy

The need to manage health data will stretch far beyond travel. As numerous health passports to facilitate travel already are in various stages of development and testing, the wider possibilities around vaccine status are beginning to emerge. Some states, including New York, are facilitating the development of their own passes that businesses and venues can use to verify a person's vaccination or health status. It's not difficult to envision a world where such a tool is needed not just to board an airplane or cross a border but also to attend a sporting event, go to the theatre or dine in a restaurant.

As such, the political lines are beginning to emerge as well. Governors of some states—Texas and Florida, for example—are pledging to block such platforms. For those considering them, as with potential employer vaccine requirements, the equity question remains on making sure vaccines are widely available to all populations and that proper exemptions are etched before any venue requirements come in place, Johnson said.

The public view is divided as well. A recent J.D. Power survey of more than 1,500 travelers in airports showed that a solid majority—65 percent—thought digital vaccine passports were a "good idea," a percentage in line with a recent survey of travel managers conducted by the Global Business Travel Association. Only about half of those who thought it was a good idea in the J.D. Power survey thought it should be required, however.

Regardless, travelers likely will need to create folders on their mobile devices specifically to manage the variety of apps that are emerging, TripActions' Dabiri said. Travel managers likely will be at the mercy of their own company's travel needs in terms of which one they use, Asian Development Bank head of travel Dean Fowles said at a recent CAPA Live virtual conference.

"We'll need to have mass acceptance in the majority of places where we travel to," Fowles said. "Personally, I'm eyeing the [International Air Transport Association] travel passport, but at this point, there are three or four good products out there, and we don't know which one is going to be taken up by the majority of countries."

In an optimistic view, it could be a short-term issue, J.D. Power head of travel intelligence Michael Taylor said.

"All epidemics end, and this one will as well," Taylor said. "By the time some of these things get legs, there could be no real demand for them."

Restoring Confidence

While vaccines are key to restarting business travel, they remain only part of the solution.

The IBM Institute for Business Value last month released research, based on a survey of 15,000 adults across nine countries, showing that the vaccines will be a big confidence boost for business travelers, with the number of people comfortable with traveling up two to four times across most countries post-vaccine.

"Vaccination will have the biggest impact on the comfort level of people in Mexico, Germany and Brazil," according to IBM's report. "Across geographies, business travelers in the U.S., India and China were most comfortable traveling before receiving the vaccine, but even these countries will see a notable vaccine bump."

That confidence boost is less pronounced in older travelers, however. Only a quarter of respondents over the age of 55 said they would be comfortable traveling for business after they are vaccinated, according to the report.

"All epidemics end, and this one will as well. By the time some of these [digital passports] get legs, there could be no real demand for them."

—J.D. POWER'S MICHAEL TAYLOR

Companies will need to continue to build up duty-of-care efforts even as vaccines become more widespread, including traveler tracking to see, for example, whether any employees were at a hotel that later is reported to have a Covid-19 outbreak, International SOS' Miller said. Companies also should be prepared for employee comfort level to return in stages.

"An employee might be comfortable to take a train to New York but not a flight to Houston," he said.

They also will need to continue to monitor restrictions even amid high vaccination rates. Chile, for example, has had one of the world's highest vaccination rates but later reimposed lockdown and border control measures amid a new surge. As ongoing research determines how effectively and for how long vaccines can prevent infection and transmission, prevention measures such as face coverings and distancing will remain part of the equation.

"Vaccines are not the only layer of protection, so it makes sense not to lay all your eggs in that basket," Johnson said.

United Forms Alliance of Corp. Customers to Fund Sustainable Fuel Purchases

BY MICHAEL B. BAKER

United Airlines has created an alliance of more than a dozen of its corporate customers that will contribute toward purchasing sustainable fuel, the carrier announced last month.

Companies in the new Eco-Skies Alliance Program collectively will help United buy about 3.4 million gallons of sustainable aviation fuel this year. That amount is equivalent to a reduction of 31,000 metric tons of greenhouse gas emissions or 220 million passenger miles of travel, based on the sustainable fuel having about 80 percent lower lifecycle emissions compared with conventional jet fuel, according to United.

World Energy, which produces fuel from agricultural waste, is supplying the sustainable fuel for United's operations at its Los Angeles International Airport hub. United in 2019 announced a renewed contract with World Energy to buy up to 10 million gallons of its biofuel over the subsequent two years.

Initial participants in the alliance include Autodesk, Boston Consulting Group, CEVA Logistics, Deloitte, DHL, DSV, HP, Nike, Palantir, Siemens and Takeda Pharmaceuticals. Chief executives of several of the participants provided statements saying the alliance would help them meet their own goals toward net-zero carbon emissions.

"Air travel accounts for a significant portion of our global carbon emissions, so we are proud to join United's Eco-Skies Alliance in support of our climate goals," Autodesk president and CEO Andrew Anagnost said in a statement. "As the world begins to open back up and travel resumes, sustainable aviation fuel is a key element in reducing carbon emissions and enables Autodesk to reduce our footprint at the source."

United said the alliance is a first for the aviation industry, and it's the latest indication that companies are taking a more active role to directly reduce emissions via investing in sustainable aviation fuel. Alliance member Deloitte earlier this year announced agreements with both Delta Air Lines and American Airlines in which it buys sustainable fuel to offset the environmental impact of its travel with the carriers. Microsoft also has announced agreements with both Alaska Airlines and KLM in which it buys sustainable fuel credits to offset travel on its busiest routes.

"This is just the beginning," United CEO Scott Kirby said in a statement. "Our goal is to add more companies to the Eco-Skies Alliance program, purchase more [sustainable aviation fuel] and work across industries to find other innovative paths toward decarbonization."

United also announced that it has added the ability for individual customers to add funds toward sustainable fuel purchase or contribute toward other initiatives that will help reduce carbon emissions in aviation via an Eco-Skies Alliance portal on its website.

Air 'Continuous Pricing' Gains, But Use Limited

BY MICHAEL B. BAKER

"Continuous pricing" has been popping up as the latest strategy in airline revenue management, and although several large airline groups are employing it on a small scale, the concept still faces technical and regulatory challenges before it becomes widely used.

Air France-KLM, for example, has introduced continuous pricing on select markets, and Pieter Bootsma, the group's chief revenue officer, in March told The Beat that it plans to expand that "progressively through all countries." The Lufthansa Group last fall also launched a continuous pricing offering on most European continental routes via its New Distribution Capability application program interface.

With "continuous pricing," airlines offer options beyond the traditional 26 alphabet-based fare buckets. Pricing via these buckets generally creates a scenario analogous to stair steps, as revenue managers open and close various buckets based on demand. For example, a revenue manager might be able to adjust a fare from $199 to $249 to $299, but because of limitations of the traditional system, they would be unable to hit price points in between.

With continuous pricing, revenue managers can adjust fares however they like based on demand, even just a few dollars up or down, said Chris Anthony, cofounder and managing director of Kambr Advisory, which is helping airlines set up continuous pricing solutions. As such, those stair steps become a slope.

"It's breaking down barriers, where airlines are now able to hit any point on the demand curve and capture more incremental revenue," Anthony said.

One of Kambr's clients is Norwegian start-up airline Flyr, which plans to operate its first flight, between Oslo and Tromsø, on June 30, followed by expansion to other Norwegian domestic markets as well as other European destinations. The carrier plans to start selling tickets in May and currently is in the planning and implementation stages with Kambr to incorporate continuous pricing, said Henning den Ouden, Flyr SVP of revenue management.

Though air traffic volume in Norway remain low at the moment, den Ouden said it likely will pick up in the summer, given the rollout of Covid-19 vaccines and the expected lifting of travel restrictions. Continuous pricing ability would be a key component for a new carrier in the increasingly competitive Norwegian market, he said.

"It gives us the ability to have a wider range of fare levels, not being constrained by the buckets of the legacy system," den Ouden said. "We will be able to act and respond quicker in adjusting our fares to the market response."

While continuous pricing might give pause to corporate travel buyers beholden to budgets—"corporates like to have certainty, and this almost removes certainty," Anthony said—it also could offer advantages on the consumer side, he said. It ultimately could make major price fluctuations in airfares less frequent, as well as limit some current peculiarities, such as when the price of business-class fares on certain flights drift below those of economy-class fares.

Still, there are challenges in implementing continuous pricing with legacy systems.

"We're at the starting point of the journey," Anthony said. "Most reservation systems and distribution channels don't support it. It's going to be an evolution as vendors roll out new technology, but for now, not many airlines are doing it."

> **"We're at the starting point of the journey. It's going to be an evolution as vendors roll out new technology, but for now, not many airlines are doing it."**
>
> —KAMBR ADVISORY'S CHRIS ANTHONY

Upon its launch, Lufthansa, for example, made its continuous pricing fare offers available only through direct channels and its NDC API, not through global distribution systems. Flyr, meanwhile, is not including GDSs as part of its initial distribution strategy, instead focusing on its own website and app as well as select partnerships with online travel agencies and "other travel trade partners," which could include corporate travel management companies, using NDC standards, den Ouden said.

In the long term, however, continuous pricing and the GDSs are not mutually exclusive, as they can use NDC interfaces to access offers.

There will be regulatory challenges to overcome as well, Anthony said. Some jurisdictions, for example, require fare filings, which raises the question of how an airline that planned to offer a wide fare range would handle it. "If your lowest fare in a market is $29 and the highest is $1,000, would you have to file a fare for every dollar in between?" he said.

Kambr also is working with Turkish leisure carrier Corendon Airlines on a continuous pricing strategy. It is working a capability that would connect a continuous pricing module to other reservations systems, potentially available later in the year, which would open up the capability to more airlines, but for now, many of the experiments will start in smaller carriers versus the large, legacy carriers, according to Anthony.

"It's easier to trial and evolve new technology on point-to-point airlines, even large airlines like Air Asia that still follow that true low-cost-carrier model," he said.

TravelPerk Raises $160M: 'This Is The Moment To Be Aggressive'

BY JAY BOEHMER

Barcelona-based travel management company TravelPerk on April 29 announced it raised $160 million in a Series D equity and debt round, its largest single raise in six years of operations.

TravelPerk said it would deploy the funding to "accelerate growth" in sales, marketing, product development and unspecified acquisitions, with particular attention to the U.S. small- and midsize enterprise sector.

TravelPerk chief commercial officer Jean-Christophe Taunay-Bucalo said the funding round, amid a severe downturn in business travel, signals investor confidence that "the market will recover," even if the timing of such is uncertain, and a belief that a well-capitalized TravelPerk can seize on the recovery.

"This is the moment when, more than ever, we want to be aggressive," Taunay-Bucalo said. "In this period you can make a big gap between you and the next one."

Launched in 2015, TravelPerk grew up servicing European companies with an all-in-one tech and agency service in the vein of TripActions, a similarly venture-backed TMC that hauled in a comparable raise this year.

TravelPerk's acquisition of booking system provider NexTravel in January expanded its client base in the United States and gave it a more localized product. Even before the acquisition, TravelPerk had a U.S. presence, including ARC accreditation and an office in Chicago it opened in 2019. Taunay-Bucalo said TravelPerk has migrated about two-thirds of NexTravel clients to the TravelPerk system and plans to complete migrations in the summer.

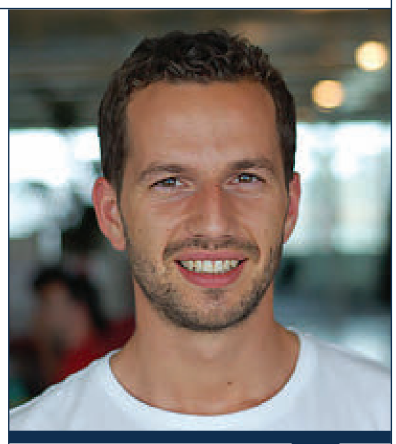
As TripActions primes itself to play for large multinationals, TravelPerk isn't straying from its SME sweet spot, especially from prospects that don't yet manage employee travel with a dedicated agency or tech suite.

"We're going to continue to grow in Europe, but we're probably going to deploy a lot of the funds—probably north of 50 percent, for sure—into the U.S. market, because the U.S. market is where we're seeing by far the fastest growth, especially this SME market between 100 and 5,000 employees," Taunay-Bucalo said.

He said TravelPerk has not made any layoffs in the past year and will use funds to "rapidly grow" its 500-person employee base in areas of "go-to-market" and product development.

The company plans to invest in sustainability, risk management and traveler flexibility offerings. The last category is an outgrowth of FlexiPerk, a client-paid product that lets users cancel entire trips for partial refunds.

Last summer, TravelPerk acquired Albatross, a small risk management startup, and since has folded its Covid-specific data offering into its system and also opened availability to other travel industry players through the TravelSafe API.



"We're probably going to deploy a lot of the funds—probably north of 50 percent, for sure—into the U.S. market, because the U.S. market is where we're seeing by far the fastest growth."

—TRAVELPERK'S JEAN-CHRISTOPHE TAUNAY-BUCALO

The Beat

"We acquired Albatross to do deeper into risk and safety," Taunay-Bucalo said. "We want to go much deeper. Especially on the recovery of the market, there is going to be a big psychological component where people will need to feel safe to travel again."

TravelPerk also is earmarking resources for solutions around "distributed workforces," expecting new trip-planning and service needs for work-from-anywhere employees.

Taunay-Bucalo declined to comment on whether possible acquisitions would include travel agencies or tech companies. "We want to acquire companies to continue our current go-to-market and focus on the U.S. and Europe," he offered instead.

Some of TravelPerk's peers like Lola, TravelBank and TripActions have confronted travel's downturn with product expansion in payment, expense and spend management.

TravelPerk is staying true to travel. Taunay-Bucalo said it won't build or buy expense or payment systems, preferring a partner approach and an open API to connect to expense systems.

"Strategically, we think to buy or to build on expense doesn't make sense," Taunay-Bucalo said.

A few closed-loop business travel tech-plus-agency operators like Upside and TravelBank in the past year have forged new TMC partnerships. TravelPerk has considered the idea but prefers its "all-in-one" tech-plus-agency model. "I don't think we should say never," Taunay-Bucalo said. "There might be a moment where we find the right partner to work with."

To date, TravelPerk has raised $294 million in funding over several rounds. Its latest was led by Greyhound Capital with participation from existing investors.

Lyft Agrees to Sell Self-Driving Car Division

BY CHRIS DAVIS

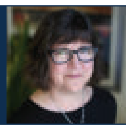
Lyft has agreed to sell its Level 5 self-driving car division to a subsidiary of Toyota Motor Corp. for about $550 million in cash, the company announced last month.

Lyft also signed a non-exclusive commercial agreement with Woven Planet, the Toyota subsidiary, "for the utilization of Lyft system and fleet data to accelerate the safety and commercialization of the automated-driving vehicles that Woven Planet will develop," according to Lyft.

The companies expect the deal to close in the third quarter of 2021, pending regulatory review and other closing conditions. Woven Planet would pay Lyft $200 million in cash up front, and an additional $350 million over the next five years, according to Lyft. Lyft estimated the sale would reduce costs, primarily in research and development, by about $100 million annually.

"Not only will this transaction allow Lyft to focus on advancing our leading Autonomous platform and transportation network, this partnership will help pull in our profitability timeline," Lyft co-founder and president John Zimmer said in a statement. "Assuming the transaction closes within the expected timeframe and the Covid recovery continues, we are confident that we can achieve Adjusted EBITDA profitability in the third quarter of this year."

Lyft competitor Uber in December announced it had agreed to sell its Advanced Technologies Group self-driving car unit to Aurora Innovation.



Marriott, Accor Begin Contactless Technology Efforts

Marriott International is testing contactless arrival kiosks at several select-service properties and contactless grab-and-go marketplaces at two Fairfield by Marriott hotels, the company announced last month. Both concepts build upon ongoing measures to boost traveler confidence while reinforcing Marriott's Commitment to Clean program, according to the company.

The arrival kiosks give guests the option to skip the front desk and complete a three-step process for check-in, with room keys created on the spot, according to Marriott. Antimicrobial technology is built into the kiosks' touchscreen glass, powered by UV light to kill bacteria and viruses. Before departure, guests can use the kiosks for contactless check-out and to view their folio. They also can use the app to enroll in Marriott's Bonvoy loyalty program.

The kiosks currently are available at the Moxy NYC Times Square, Courtyard New York Manhattan/Midtown East and TownePlace Suites Monroe in Louisiana, and soon will be available at the Moxy Miami South Beach.

The grab-and-go marketplace concept—offered at two Fairfield Inn & Suites properties in Maryland, in Frederick and at the Arundel Mills BWI Airport—consists of a wall-to-wall kiosk that offers select "snacks, beverages, lite bites and sundries." The brand's complimentary breakfast has been incorporated into the design with a selection of hot breakfast sandwiches, sweet offerings, yogurt, cereal and fruit each morning, according to the company. Specialty coffee and expanded a-la-carte items also will be available for purchase at the kiosk with contact-free Bluetooth payment.

Marriott has no predetermined timeframe for the programs or expansion plans, according to a company spokesperson.

Both new kiosk features complement the contactless options available through the Bonvoy app when members book direct, which include mobile check-in and check-out, mobile key, mobile dining and mobile requests, according to Marriott.

The company has no predetermined timeframe for the programs or expansion plans, according to a company spokesperson. "We developed these offerings to meet the needs of consumers in a new travel environment and will closely take into consideration guest feedback in determining our next steps," the spokesperson said in an email.

Accor Adds 'Digital Hotel'

Meanwhile, Accor has announced its first "fully digital hotel," the Ibis Styles London Gloucester Road. The hotel's digital features include online and mobile check-in, in-hotel payment, a digital key solution, digital food-and-beverage services, and guest relations via Whatsapp.

Guests can use their smartphone, tablet or laptop to check in, and the company has extended its existing Fast Check-Out functionality to all guests, with check-out via a smartphone with a PDF of their invoice sent via email. Mobile Accor keys will allow room access, entry to meeting rooms and floor access from elevators, according to the company. Guests can make online payments for their stay through Pay By Link. Further, Accor's Click Pay Collect technology also enables guests to order food and drink from the hotel's digital menu using their smartphones. Expenses can be paid up front or charged to the room and paid upon check-out.

This hotel is "the first step in an ambitious rollout plan which will impact at least 50 percent of hotels across all brand segments in North and Central America in the next five years," according to the company. In February, Accor announced a global rollout of digital room keys, available first in all new hotels opening in 2021, then in existing properties.

Homewood Suites by Hilton Unveils New Prototype

Homewood Suites' King Efficiency Suite prototype

Extended-stay brand Homewood Suites by Hilton last month unveiled a new brand refresh and prototype design, about two years after it updated its public spaces and suite interiors, according to Hilton Worldwide.

Dubbed Prototype 10.0, the new design reduces the footprint of each property by about 3,350 square feet and increases the number of room keys from 121 suites to 131. It also includes a new suite type, the King Efficiency Suite, which will represent about 30 percent of a property's inventory. Its size will be 358 square feet, and although it is a studio, the rooms will continue to offer the elements of a full suite, including a fully equipped kitchen, a work space, soft seating, and separate vanity and bathroom, according to the company.

Additional changes to the product include an updated fitness center, a guest laundry area that will be nearly twice the size of current laundry spaces, and a redesigned backyard with fire pits, an outdoor kitchen area, picnic tables and a recreational area. Food-and-beverage changes include "barista-style specialty drinks" brewed at the front desk, meal prep items and salads from an adjacent convenience store, and a "tap wall" with beer and wine for purchase.

The first Prototype 10.0 property is expected to open in 2023.

Too Few Drivers as Ride-Hail Companies Begin to Recover

BY DAWIT HABTEMARIAM

Ride-hailing companies are reporting a shortage of drivers as demand for their services pick up. “As vaccination rates increase in the United States, we are observing that consumer demand for mobility is recovering faster than driver availability,” Uber reported in an April 12 filing with the U.S. Securities and Exchange Commission.

Demand for ride-hail services has picked up in the last month. Uber reported its mobility business posted its best month since March 2020, crossing a $30 billion annualized gross bookings run-rate.

“We’re seeing big increases in demand for rides, as vaccines roll out and people get ready to start moving again,” a Lyft spokesperson told BTN. Corporate transactions expensed for rideshares on Uber and Lyft in March grew 26 percent from February 2021, after increasing in February 7 percent from January 2021, according to expense management provider Emburse Abacus.

Despite the higher demand, driver supply has not kept up. This is due to multiple factors, according to Brandon Sellers, head of marketing for Gridwise, an app for assisting rideshare drivers. Many drivers don’t want to risk catching Covid-19 while transporting riders, he said. “Covid is still a big thing on drivers’ minds, keeping them off the road,” said Sellers.

> “Covid is still a big thing on drivers’ minds, keeping them off the road.”
>
> —GRIDWISE’S BRANDON SELLERS

Another factor is ongoing government aid, including the Covid-19 relief package passed in March, which increased federal unemployment relief until September 2021. “You have a number of government aid packages, from the stimulus plans to unemployment, which has made it so a lot of drivers don’t need to go out on the road. They can stay safe at home,” Sellers said.

Drivers are also earning more from the ongoing boom in demand for delivery services. In March, Uber’s delivery business set an all-time record, crossing a $52 billion annualized gross bookings run-rate, growing more than 150 percent year over year. “Where you see driver supply for ride-hail decreasing you see drive supply for delivery increasing,” Sellers said.

Driving Enticements

Ride-hailing companies are offering drivers incentives to stimulate availability in expectation of stronger demand in the months ahead.

Uber CEO Dara Khosrowshahi in February during an Uber earnings call voiced concerns about a potential shortage: “I’m worried about one thing going into the second half of the year… [will we] have enough drivers to meet the demand that we’re going to have in the mobility segment?” On April 7, Uber announced it was investing $250 million in incentives and perks to improve driver availability.

Lyft in February during an earnings call announced plans to invest in bringing back its driver supply in preparation of higher demand. “In quarter one, we plan to invest in driver supply to improve service levels and prepare for stronger demand beginning in quarter two,” CEO, cofounder and director Logan Green said. Lyft has been covering the cost of rental cars, offering bonuses of up to $800 for referring former drivers back to the app and adding extra pay for trips lasting over nine minutes, according to the Financial Times.

Sellers expects the incentives to be successful. “They are going to throw a lot of money at it, and I definitely think it’s going to work,” he said, adding that the suppliers needed to strike a balance between hiring and retaining enough drivers to meet demand while keeping costs controlled. Drivers’ per-trip earnings during the past few weeks have increased by around 15 percent to 20 percent, according to Sellers.

As the driver/rider market adjusts, it’s unclear whether the cost of the shortage will lead to higher fares for riders. Neither Uber and Lyft have said whether they will raise prices for as demand picks up and driver supply lags.

Ground transportation consultant David Kilduff said higher prices could come later, after demand accelerates. “It could start off at a lower pricing to attract users and increase prices when they have momentum. That would be logical,” he said. “Whether that happens, I don’t know.”

If fare increases do occur, they most likely would show up in price surges, according to Sellers. “I would bet it would be more from surges than from a base fare increase, but I can’t say that with any certainty,” he said.

JetBlue, AA to Further Alliance with NYC Service

American Airlines and JetBlue are adding new routes out of New York and Boston starting later this year, 24 new routes altogether, to boost the new Northeast Alliance between the two carriers.

American's plans include service between New York's John F. Kennedy International Airport and New Delhi, set to begin Oct. 31 on Boeing 777-200 aircraft. American plans to fly the route three times per week and increase to daily from Nov. 17 to Jan. 3, the peak holiday travel season.

In addition, American is adding three new routes each out of Boston and New York's LaGuardia Airport. New LaGuardia routes include Houston Bush Intercontinental Airport, Oklahoma City and Omaha; the new Boston routes include Cincinnati, St. Louis and Toronto. All routes begin Nov. 2.

Also on Nov. 2, American will begin using its Airbus A321T aircraft, which has First and Business class cabins with lie-flat seats, on its routes between Boston and JFK. The carrier already uses the aircraft on routes from JFK to both Los Angeles and San Francisco. Additionally, American is removing all 50-seat aircraft on its routes between New York and Washington, D.C., to ensure at least two classes of service on each flight.

JetBlue, meanwhile, is adding seven new destinations to its route network starting later this year as it expands out of Boston and JFK. Service to San Antonio out of both airports will begin in October, followed by service from JFK to San Pedro Sula, Honduras, in December.

Next year, JetBlue plans to start service between JFK and Puerto Vallarta in the first quarter. Service from both Boston and JFK to both Kansas City and Milwaukee is slated for the second quarter. In the summer of 2022, JetBlue plans new service to Vancouver from both Boston and JFK as well as service between Boston and Asheville, N.C.

JetBlue also is adding six new routes out of LaGuardia. Service to Jacksonville and Sarasota in Florida as well as Savannah/Hilton Head will begin in October, followed by flights to New Orleans in the first quarter of 2022, Nashville in the second quarter and Portland, Maine, in the summer.

American and JetBlue began codesharing as a part of their new alliance earlier this year, and the carriers are expanding that codesharing beginning May 3. JetBlue plans to place its code on 24 additional American flights, and American is adding its code to 15 JetBlue flights. The carriers also plan to launch a post-security shuttle service linking JetBlue's Terminal 5 and American's Terminal 8 operations at JFK to make connecting flights more convenient.

The new alliance plans come amid reports of increased scrutiny of the alliance from the U.S. Department of Justice.

The new alliance plans come amid reports of increased scrutiny of the alliance from the U.S. Department of Justice, however. The Wall Street Journal last month reported that DOJ is taking another look at competition concerns from the alliance, following a formal request from competitor Spirit Airlines. The carriers received U.S. Department of Transportation approval for the alliance in January with a few concessions, though the department at the time was still under the former Trump administration. The DOJ has not reached any final conclusions in its investigations, and the final say will go to DOT, according to the WSJ report.

Air Canada to Issue Refunds for Canceled Tickets

Air Canada will refund all tickets to passengers whose travel plans were changed by the Covid-19 pandemic as part of a liquidity program agreement reached with the Canadian government.

The new policy covers all travelers with nonrefundable tickets whose flights were canceled either by Air Canada or the traveler due to the pandemic. The policy applies to tickets bought for travel on or after Feb. 1, 2020, that were purchased before April 13, 2021.

Travelers who bought tickets from an agency will have to contact that agency directly for the refund. Air Canada will not recall commissions paid to its travel agency partners for tickets that are refunded.

For tickets bought from April 13 onward, Air Canada will continue to offer refunds for any traveler whose flight is canceled or rescheduled outside of a three-hour window of the original ticket. Travelers also can opt for a fully transferable voucher with Air Canada without an expiration date or for the value of their ticket to be converted to Aeroplan points with a 65 percent bonus in lieu of a refund.

Air Canada's permanent rules for voluntary changes have not changed for future purchases, though the carrier extended its policy allowing one-time changes without a fee to run through May 31, 2022, a year beyond its original expiration date.

The refund rules were part of an agreement attached to a liquidity program, in which Air Canada can access up to C$5.9 billion through the Canadian government's Large Employer Emergency Financing Facility program. The program also requires Air Canada to resume service to most regional communities where service was suspended either through direct service or interline agreements with regional carriers and to maintain employee levels at least equal to those as of April 1, 2021. Air Canada additionally must complete an acquisition of 33 Airbus A220 aircraft, which are being manufactured at a Quebec facility. The carrier plans to complete an existing order of 40 Boeing 737 Max aircraft as well.

The liquidity program includes C$500 million from a purchase of Air Canada shares and the remainder in loans, including a C$1.4 billion loan specifically to support ticket refunds

While Air Canada has refunded more than C$1.2 billion to passengers with refundable tickets since March 2020, the take up on refunds with the new policy has been "much slower than anticipated," EVP and CFO Amos Kazzaz said.

THE BEAT EDITOR-IN-CHIEF JAY BOEHMER

UAL Builds NDC Servicing Capabilities for TMCs

United Airlines has introduced capabilities for travel management companies to service bookings that were transacted on the carrier's website or through New Distribution Capability-based connections.

This comes as United Airlines and Concur Travel last month opened a new option for clients to access the carrier's NDC pipes through Concur Travel's Select Access program, which leans on Travelfusion.

TMCs for years have flagged post-ticket servicing as a shortcoming of NDC, with challenges in being made aware of itinerary changes, capturing data on transactions or being able to process changes, exchanges, cancellations or refunds for NDC bookings.

United Airlines director of distribution Tye Radcliffe in an interview last month said United in the past couple of months introduced what he called the carrier's "NDC servicing capability," which enables TMCs to process cancellations, changes, exchanges, re-bookings and voids for NDC- or directly booked tickets, and also add post-booking ancillary products.

The capabilities are being tested with some agencies, he said, and builds upon other agency-angled features that factor into United's NDC proposition for the corporate market, including NDC-based ARC settlement and upcoming unused-ticket features. This is in addition to expanded content opportunities NDC affords corporate clients, Radcliffe said, as United continues development and expansion of continuous pricing and dynamic corporate bundles.

"Let's say that a customer starts off on a corporate path on United.com or Concur Select Access, and they have an agency of record," Radcliffe said of United's new agency servicing capabilities. "We have a table with the agency of record listed, and we'll allow the agency of record to use NDC to retrieve that booking, regardless of where it started, and provide servicing."

Touchpoints agencies could use for such servicing include the Farelogix-based SPRK tool, NDC-compatible desktop systems from non-GDS aggregators like Travelfusion or Atriis, and agencies' proprietary desktop solutions.

Many TMCs use global distribution system-based tools for post-ticket servicing. "We haven't figured out yet how to do that through the GDS," Radcliffe said. "It's something that we're exploring, but certainly that's something we'd look to make available there, as well. There are some technical complexities."

As United expands NDC access through Concur Travel, Radcliffe said, "We're doing it in a way where the TMC is still involved in the transaction."

He noted: "We use the same services that issue tickets on United.com for NDC. If the agency has retrieved the booking using NDC, they can import all that data into their mid- and back-office systems." With this, he said United is able to "push notifications" directly to TMCs on schedule changes, flight cancellations or delays.

Another upcoming NDC-related feature for TMCs is the ability to handle unused e-tickets, even if they were originally booked through a GDS, for corporate clients to redeem residual value through NDC, said Radcliffe.

"We're right on the cusp of going gangbusters with NDC," he said. "I imagine like when Boeing builds an aircraft and it's sitting there—'Is it ready to fly now?' Well, I've got to put the seats in it; I've got to put the entertainment system in. NDC looks ready to fly, but there's some fitting out that we need to do to make it completely ready for travel agencies—and we're so close."

"TMCs for years have flagged post-ticket servicing as a shortcoming of NDC, with challenges in being made aware of itinerary changes, capturing data on transactions or being able to process changes, exchanges, cancellations or refunds for NDC bookings."

United Opens NDC Through Concur Travel

Effective last month, Concur Travel clients can choose to access United's NDC-piped content through Concur's Select Access program, which includes an additional booking fee.

United joins Lufthansa Group and British Airways as the carriers to turn on Select Access through Concur Travel and the booking giant's NDC aggregation partner, Travelfusion.

SAP Concur charges $2 per booking, which it has framed as a pass-through of Travelfusion's own booking fee.

As with other Select Access participants, Concur Travel clients must elect to source all of United's content in the booking tool via the Travelfusion connection.

SAP Concur positioned Select Access as a stopgap option, as it eyes eventual GDS integration, pending airline and GDS readiness. "In the future, Concur Travel plans to obtain NDC content via the GDSs when SAP Concur believes that a robust, scalable, and commercially transparent solution is available," it stated.

Getting there will require "industry standardization," noted SAP Concur senior vice president of global content, market and supplier strategy Charlie Sultan. "Currently, airlines have different levels of content and functionality, which requires custom development for different airlines. The distinct economic constructs at play add elements of complexity as well."

Radcliffe, too, said United continues to work with all the major GDSs on NDC compatibility. It's moving slower than he'd like, but it's advancing, he said.

Sultan in a post last week on LinkedIn wrote: "Industry-wide efforts to develop NDC at-scale for use with business travel are in the early stages. As a result, it requires TMC and corporate flexibility to use NDC content in its current state via Travelfusion, while airline and GDS development efforts with NDC remain ongoing to fully meet end to end business travel needs."

Radcliffe said United isn't actively pushing Select Access to clients. United enabled access due to client demand, and it is available for clients who have asked for it in pursuit of "content that better meets their needs," said Radcliffe.

Sultan noted that SAP Concur has "completed the early adopter testing with several TMCs and corporate customers" of Select Access for United, as it now becomes generally available.

SAP Concur urged interested buyers to explore the pros and cons of Select Access with their TMC and participating airlines. In the cons column: a booking fee and, depending on the TMC and airline, some servicing limitations.

United sees enriched content as a pro.

The carrier has been testing continuous pricing in direct channels and through NDC, but hasn't broadly rolled it out. It has the ability through its NDC pipes to extend dynamic bundles for corporate clients, Radcliffe said. ◀

The Beat

Addition By Subtraction

New Travelport platform to subsume legacy systems, eventually.

Travelport last month announced the launch of a next-generation distribution system that eventually will become its sole platform for suppliers and travel sellers, as it rationalizes Apollo, Galileo and Worldspan.

Travelport Plus, which the company stylizes as Travelport+, will become "our one and only platform," CEO Greg Webb said in an interview. He declined to put a firm date on when Travelport's trio of legacy GDSs will sunset in favor of the singular system. One agency source was looking at the back end of 2022 to migrate.

"We'll be upgrading the entire set of customers to this next-gen platform," Webb said. "It's a multi-year investment. It doesn't all happen at once. We've got waves of functionality coming out over a period of time."

Travelport for more than a year has discussed its plans for a new platform. Last year, Webb was confident the Galileo designator would serve as the foundation for a single core, but at the time said, "where we're headed is not to Galileo but to a next-generation platform." He said then that the move was less about "collapsing the core" and more about moving to "new and better."

Webb last month confirmed the Galileo designator, 1G, will serve as the foundation of the new platform. "In order to get upgraded, we've got to get everyone using the 1G designator," he said.

Already, 80 percent of Travelport's agencies now use that designator, and Travelport in recent months has been migrating others, he said. "We're well down a path on that," he added.

One Apollo user last month was eyeing a year-end 2022 migration, based on timelines discussed with Travelport. Asking not to be quoted by name, the customer expected the new platform to enhance ticket exchange functionality, which would be an upgrade from Apollo, but was bracing for managing change and costs. While the lead time is feasible, the source said a migration will require a rejiggering of "plumbing" to back-office and other systems.

Christopherson Business Travel has Apollo and Worldspan in its GDS mix. In an email last month, CEO Mike Cameron said, "We have known for some time that Travelport was going to consolidate all three of their cores into one. They have been very open with us about that. They have been a good travel partner, and we think it makes good business sense to consolidate their resources and focus on making one core the very best. It had to eventually happen."

Christopherson will wait until the end of its contact cycle to firm up migration plans. "They have assured us they will support our current needs on our Worldspan and Apollo contracts until we are either ready to convert to Travelport+ or complete our obligations under our current contract," he noted. Cameron said it's "standard procedure for TMCs to put their GDS contracts out for bid when they come up for renewal and we always consider all alternatives."

While Christopherson will go through its due diligence, Cameron said "we have no reason to believe that we wouldn't stay with Travelport."

As non-Galileo Travelport subscribers assess the next steps, Webb said moving to a single designator will be more efficient for suppliers.

"In the past, they've had to file fares to multiple places and support that legacy environment," he said. "They won't have to do that anymore. It will reduce their costs and make them more efficient in working with us."

To Travelport, the new platform encompasses "one agent desktop, one set of APIs, and one AI and data-driven distribution channel," Webb noted in an announcement email.

Already, he said, Travelport has released the initial set of Trip Services APIs, which will feed its own agent-facing desktop. Travelport is migrating to "a fully cloud-based point of sale" for agents, which is not yet fully rolled out but is in development, said Webb.

This singular graphical desktop "will be the Smartpoint cloud version," he said. "Smartpoint, as it is today, works across the entire enterprise."

Also in process is Travelport's move away from legacy PNR-based records management through a "trip container," which Webb described as "a fully open system for keeping track of the trip record and any type of inventory. We're getting away from that legacy, airline-driven structure about what a passenger name record was" and onto something more flexible.

In February 2020, before the impact of Covid-19 was sharply felt across the industry, Webb envisioned the next-gen platform involving a 24-month "investment profile that includes both the tech buildout as well as all of the change-management-related costs associated with migration."

"It's a multi-year investment. It doesn't all happen at once. We've got waves of functionality coming out over a period of time."

—TRAVELPORT'S GREG WEBB

He said Travelport's financial sponsors in the past year remained committed to the strategic endeavor to invest in the new system, even during a year upset by a revenue-crushing pandemic and lender feuds.

As for the end-all moment when Travelport Plus becomes the company's sole platform, Webb said: "We're not putting a hard and fast date on it externally, but we have one internally. As we get closer to getting people through the upgrade cycle, we'll be more vocal about the end date for the program."

Delta's Value-Based Pricing Wishes, Display Dreams Come True in Sabre Deal

Delta Air Lines and Sabre this month announced a new multiyear "value-based" distribution agreement that represents an "industry-first model." Delta said the deal departs from a "commoditized" global distribution system pricing structure and, at the same time, promotes how the carrier wants to be presented and sold in third-party channels.

In a briefing, Delta managing director of global distribution Jeff Lobl said the new Sabre deal strays from the "historic commercial model that has existed between carriers and GDSs."

Lobl added: "The distribution ecosystem is shaped by this legacy commercial model that is of a bygone era. It doesn't recognize the modern-day product line. It doesn't reward innovation. We have set out to change that, and that is exactly what we have done. This is a transition from a commoditized transaction model to a value-based model. We've done this to align incentives and reward innovation, to accelerate the pace of change to the benefit of all of our customers."

Value-based pricing has been on Delta's radar for a while—Sabre's, too.

At a Sabre event in 2019, Sabre Travel Solutions chief commercial officer Roshan Mendis hit on the topic during an on-stage interview with Lobl. "The traditional GDS business model: It's fairly far away from providing a set of incentives and disincentives," Mendis said then. "Generally speaking, we have a booking fee and an incentive, and it's pretty much the same regardless of what you sell."

In response, Lobl expressed a strong desire to move away. "If it's not differentiating in what is sold," he said then, "and it's only looking at a booking, then it's entrenching the status quo, which is a commoditized sort of behavior."

In the traditional model, airlines pay a flat per-segment fee to GDSs for each transaction, with little regard to the price of the ticket or other value-based factors. A GDS, in turn, compensates an agency subscriber with a per-segment incentive that is more in line with volume than value.

"In the past, the commercial model has not had any recognition of product. It is a single transaction fee. It doesn't matter what is being sold. Under this new arrangement, it's going to be very different."

—DELTA'S JEFF LOBL

Delta and Sabre didn't divulge too many details on the economics.

Yet, on the new deal, Lobl commented: "In the past, the commercial model has not had any recognition of product. It is a single transaction fee. It doesn't matter what is being sold. Under this new arrangement, it's going to be very different."

He added: "There will be a correlation between revenue and value and the cost, which will be a sea change for this ecosystem, because that relationship has never existed before and it has entrenched commoditization over time."

'Stay Tuned' on Displays

Meanwhile, Delta has been determined to evolve third-party shopping displays to be more consistent with Delta's direct channels. Delta had emerged as the most vocal champion and driving force of ATPCO's Next Generation Storefront initiative. Before the pandemic became widespread, Delta was focused on formalizing its own third-party shopping display standards.

Asked about the status of these display requirements, and whether they are now formally documented and circulated among third-party sellers, Lobl said to "stay tuned."

"That work continues until every display in the indirect channel has sufficient shelf space for our complete product line," he said.

As ATPCO shelved its role as the arbiter of Next Generation Storefront placement standards, Sabre recently embraced an NGS-like—and Delta-approved—flight-shopping experience through its New Airline Storefront.

"What Sabre has done with the New Airline Storefront is an immediate and tangible benefit of this new arrangement that we have," said Lobl. "It is not only something conceptual and into the future. It is something here and now."

Sabre Travel Solutions chief product officer Wade Jones during the briefing said "economic alignment" is one "breakthrough" element of the new Delta deal, but so is alignment on "how the product is displayed and an ability to get the right offer to the right person at the right time efficiently through the agency workflow, the corporate booking tools, and to give Delta a brand-consistent experience with their products in the indirect channel that matches their direct channel."

Sabre's New Airline Storefront is a key element of delivering this. "To capture this kind of value, you have to be able to get the product to the display," said Jones. "The reality is that the indirect channel has had limited shelf space."

Asked if there are any altered terms for agencies under the deal, like opt-ins or surcharges, Jones said: "At least from our intention today, there are no sort of trap doors on this thing. We want to get the capability to market."

The Beat

Hyatt Introduces New Meeting Offerings, Hybrid Tech

Hyatt Hotels Corp. has launched new event offerings designed to assist meeting planners as they return to in-person events, the company announced. Dubbed Together by Hyatt, the program includes new technology options, "hybrid event experts," safety accreditation, and certifications for planners.

"While events will look and feel different, we believe there is pent-up demand to create, connect and collaborate, whether that's in-person or a hybrid format," said Hyatt SVP of events Steve Enselein. "We've taken strategic steps to bring safety, technology, support and well-being to the forefront of our offerings."

Hyatt has partnered to allow meeting planners to use Swapcard's end-to-end virtual and hybrid platform, which uses artificial intelligence to enhance remote attendee experiences, for hybrid meetings at Hyatt hotels.

Hyatt hotels now are required to secure the Global Biorisk Advisory Council STAR facility accreditation and have at least one dedicated hygiene and well-being leader on staff who is a GBAC-trained technician. This requirement is part of Hyatt's global care and cleanliness commitment, introduced last year. The company also is offering a chance for its top customers to secure GBAC training certifications, as well as a hybrid events training course from partner Virtual Events Institute.

In addition, the company has introduced a new team of hybrid event experts to help planners execute events, along with a "support squad" to assist the on-site team with all virtual components, including addressing technology questions to assisting speakers with set-up. New resource guides for planners also are in the works.

"We believe there is pent-up demand to create, connect and collaborate, whether that's in-person or a hybrid format."

—HYATT'S STEVE ENSELEIN

TAMS Incubator Applications Open Ahead of Schedule

The Travel and Meetings Society today has launched its incubator program application for early to mid-stage travel and travel-adjacent startups, about a month earlier than initially anticipated, TAMS told BTN.

The organization in early March announced the incubator program and planned to open applications in May to kick off the first six-month-cycle in July, but demand accelerated that schedule.

The incubator program is designed to help entrepreneurs further their business model and ready them for large-scale investments. Participants also will connect with subject matter experts through a mentoring program. In tandem with the incubator program, TAMS plans to launch an advisory fellows program that aims to help aspiring investors learn basic investment strategies.

"We were overwhelmed with excitement by the initial response," said incubator program co-founder and co-leader Hansini Sharma, also corporate travel practice lead at Acquis Consulting Group in an email. "We received interest from over 30 startups and several others to be involved as mentors and advisors. Because of this, we want to make sure we have enough time to evaluate, interview and select the inaugural cohort to participate in the incubator. We moved up our timeline to make sure that companies have enough time to complete their application and give us enough time to review and invite the right companies into the program."

As of March, the committee had plans to accept five or six companies for the first round, and Sharma said that initial goals haven't changed. "The structure of the program remains unchanged, and we are tweaking the mentorship and fellows program as we develop it to more strongly align to the overall goal of the incubator," she said.

Groupize Adds App, Virtual Networking Services

Event management company Groupize has added two new services to its offerings: a web-based app and spatial recognition networking capabilities, Groupize chief customer officer Charles de Gaspe Beaubien told BTN.

Each can be used in conjunction with the company's platform, with each other, or as standalone products. The tiered pricing for the app starts at $500 per event for up to 100 attendees for existing customers and $750 for new customers. The spatial recognition networking service is priced with day passes or based on the number of minutes used, de Gaspe Beaubien said.

The app was the "missing module in our end-to-end platform," de Gaspe Beaubien said, adding that the company opted for a web-based option as opposed to a native mobile app because it was more cost-efficient and easier to modify without needing a designer or coder.

The app was built to work with videoconferencing services, including Zoom, Microsoft Teams, GoToMeeting, Google Hangouts, Amazon Chime, Ring Central and WebEx, and was designed for events of any size, he said. It allows for branding and customization, speaker profiles, virtual or contactless check-in via QR code, sponsor and exhibitor management, documents and videos, location and maps, on-demand resources and attendee analytics, according to the company.

The app only activates buttons to join sessions 15 minutes before their start times, a feature de Gaspe Beaubien said offers attendees a more streamlined experience, and users also can integrate personal calendars with event schedules within the app. Event planners can configure the app with company-approved templates, he said.

The networking functionality allows planners to create spaces with virtual backgrounds—such as lobbies, conference rooms or bars—and attendees can move through rooms. A demo of the product showed a live image of each attendee, and the ability to hear a particular attendee increased or diminished based on proximity.

Each room is currently limited to 50 attendees, except for the main stage, to ensure issue-free bandwidth and broadcasting, de Gaspe Beaubien said. "It's really good for breakouts, networking and exhibitor booths," he added.

HRS Acquires Invoice Management Partner Itelya

BY ADAM PERROTTA & DONNA M. AIROLDI

HRS has acquired hotel invoice management specialist Itelya, taking full control of the Germany-based company whose services comprise a key link in HRS's end-to-end hotel service model—and in which HRS already owned a minority interest. Financial terms of the deal were not disclosed.

HRS since 2014 has licensed Itelya's invoice collection and data management capabilities to power for clients such post-checkout functions as expense reconciliation and auditing, payment to suppliers and value-added tax reclamation. Itelya's service also plays a key role within the context of HRS's virtual card-based Invisible Pay platform, powering the invoice auditing and reconciliation aspect of that service. In 2016, HRS acquired a 25 percent stake in Itelya via an equity investment.

"They built out the most sophisticated solution in invoice management," said HRS CEO Tobias Ragge, citing that capability as a "core component" of HRS's vision for an "end-to-end value proposition" that serves the full range of clients' hotel needs. Ragge noted in particular Itelya's ability to quickly retrieve invoices containing Level 3 data within the "very fragmented lodging market" outside the United States.

The decision to acquire Itelya outright largely was driven by the potential to more closely integrate the company's services into HRS's platform and guide future innovation, according to Ragge.

"When you have full control over [a company] you can obviously direct the focus of product development toward what you see as core priorities," the HRS head noted. "We want to be in control of our own capability to innovate."

Previously, data security laws often prevented full-scale sharing of data between HRS and Itelya as separate entities—a hinderance to innovation opportunities that will be obviated under the newly unified corporate ownership, Ragge added. "We will probably do much more bespoke development now, together, in order to retrieve richer data from the hotel back-end systems," he said.

"When you have full control over [a company] you can obviously direct the focus of product development toward what you see as core priorities. We want to be in control of our own capability to innovate."

—HRS'S TOBIAS RAGGE

The acquisition also brings with it Itelya's client and partner list, which includes booking content sources, such as Travelport and BCD Travel, as well as a number of direct corporate customers and payment brands including American Express, Visa and AirPlus, which use Itelya's services to provide enriched credit card statement data.

Those clients and partners will be supported and able to use Itelya's services on a standalone basis, without needing to adopt any additional HRS services, Ragge said.

Ultimately, the Itelya acquisition helps HRS further strengthen its value proposition of being an end-to-end, one-stop-shop lodging solution from procurement through payment and reimbursement that integrates into a corporation's larger travel-to-expense landscape, Ragge said. The eventual goal is to use all the data insights the company collects to automate and optimize the set-up through machine learning, AI and smarter use of data, he continued.

"The industry in the past was static, with once-a-year optimization, then half a year, quarterly, but that doesn't reflect today's capability of technology. We said that we need to be in control of our own destiny by owning the technology and the data, because this is what I think makes successful companies in the future," he noted.

Ragge said "there is a natural breaking point" for companies that "serve the customer but don't own the technology."

"You need to develop the technology with the customer in mind, and the people who need to develop it also need to own the customer interface," he continued. "Because if Apple would outsource their technology development, I think their products would not be as sleek as they are. This is what we have been going after."

TripActions, Visa Partner

TripActions has signed a new strategic partnership with Visa, in what the travel and expense management specialist described as the "natural next step" in its alliance with the payment giant, whose network already supports transactions made via TripActions' Liquid card.

TripActions and Visa will collaborate on purpose-built products, and the pact also gives TripActions the ability to leverage tools and services Visa has developed on its own, and access to the payment mainstay's global partnership network, said TripActions Liquid general manager Michael Sindicich.

"We'll be doing things on the marketing side and the technology side and growing our businesses together," Sindicich said, identifying broad-based B2B spending as a mutual area of interest for the companies.

One particular area of focus for TripActions and Visa is the digital payment channel, including virtual cards, which TripActions sees as playing a major role in corporate travel spending post-Covid-19 due to advantages including spending controls, ease of issuance and contactless payment capabilities amid heightened hygiene concerns, Sindicich said.

The deal comes amid what Sindicich called resurgent travel-related spending by Liquid users, as activity ramps back up as Covid-19 vaccination levels increase in the United States.

"Travel spending volume [via Liquid] is growing 50 percent month over month" thus far this year, said Sindicich "It's very clear that as vaccines roll out, people are becoming more and more comfortable." The recovery has been broad-based, with the number of companies returning to travel as well as travelers and bookings per company all on the rise, he added.

After several years of carving out market share in the travel management space, TripActions ventured into payments with the February 2020 launch of the Liquid card. The company earlier this year landed a $155 million investment round, citing the continued enhancement of its payment offerings among the planned uses of that financing.

CONTINUED FROM FRONT PAGE

Suppliers Seeking Staffers

thanks to ongoing federal aid to the aviation industry to prevent layoffs. When asked whether Delta Air Lines was having issues bringing back staff, CEO Ed Bastian said, "I don't think it's an issue for the airlines, but I know the hotels, the rental car providers, as you say, are having a difficult time getting staff back."

Reasons Not to Work

Reliance on U.S. federal government aid was a common reason cited for why many employees haven't returned to work. The American Rescue Plan, the U.S. federal Covid-19 relief legislation enacted in March, offered most workers $1,400 in direct aid and supplemented unemployment benefits with a weekly payment of $300.

"The federal government, for all the right reasons, way back when did a top-up of unemployment insurance and on top of the state unemployment insurance and obviously sent out $1,400 checks," said Nassetta. "And they did all these things to support people who are in harm's way, all of which made sense at the time. Maybe some of it makes a little bit less sense now in the sense that the demand is there and the jobs are there, yet people don't have as much of a need to come back to it."

> "I do think in the short term … there's going to be wage pressure, wage inflation."
>
> —HILTON'S CHRISTOPHER NASSETTA

Another reason cited was safety, considering that many employees would be conducting in-person services. Drivers, for example, have to sit in confined spaces with other people. "It's a dangerous job when you are driving people, "said Kilduff. "You can die from Covid. For safety, people stay at home."

In some cases, employees have left the industry for better opportunities. Some former ride-hail drivers are choosing to provide delivery services instead for personal safety and higher pay opportunities. "For the chauffeur industry, a lot of them went to Amazon or are trucking because you can make more money," said Kilduff.

Both Riehle and Nassetta also said many employees have not come back to work because they have to watch their children in the wake of school closures.

Understaffed Amid Higher Demand

All this comes as demand begins to ramp up again. On May 7, Transportation Security Administration officials screened more than 1.7 million people at U.S. airports—the highest number since before the pandemic. Hotel occupancy in March reached 54.6 percent, the highest reported for any month since February 2020, according to STR.

The growing demand, mostly leisure, combined with the staffing shortage is hampering supplier operations. "We've experienced a pronounced need for incremental staffing coinciding with an inability to

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quickly fill those staffing needs, especially in markets where demand for room nights is high," said Hyatt Hotels Corp. CFO Joan Bottarini this month during Hyatt's first-quarter earnings call.

"The shortage is affecting rental car suppliers from being fully staffed and may play a part in [whether] locations reopen," said Kilduff.

"We're having a crossing point where the demand is starting to accelerate but the ability to fill the demand is just not there," said University of Illinois computer science professor and data scientist Sheldon Jacobson.

Suppliers already were experiencing problems with servicing travelers adequately during the pandemic. Average guest satisfaction scores for hotels during the pandemic fell to its worst level in more than a decade, according to the American Customer Satisfaction Index.

In earnings calls, multiple supplier executives forecast strong travel demand in the remaining quarters of this year. Executives at Accor, American Airlines, Uber and Lyft, for example, expect demand to pick up in the coming quarters.

"The next stage of the U.S. travel recovery has commenced," said Tourism Economics president Adam Sacks said in a statement. "An effective vaccine rollout and generous fiscal stimulus will drive the fastest single-year economic expansion in nearly 40 years."

Prices Heat Up in the Summer

Suppliers, competing with multiple economic forces, are raising wages to bring workers back. "With fewer people in the workforce, the stimulus supports still in place, worker safety concerns, the need for caregivers to remain at home, and much greater competition with other industries for workers, operators are returning to pre-pandemic recruitment techniques for hiring," said Riehle. "These include higher hourly pay rates, additional benefits, and professional development opportunities, among others."

"Employee costs are going up in the U.S.," said IHG CFO and group head of strategy Paul Johnson this month during the company's first-quarter earnings call. Noted Hilton's Nassetta, "I do think in the short term … there's going to be wage pressure, wage inflation."

Uber and Lyft each already have increased compensation to attract drivers back to their platforms. In each of their earnings calls, the ride-hail firms reported their drivers have made elevated earnings.

As employee wages increase, suppliers may raise prices for the traveling public. "This is going to drive up costs because when you have supply and demand issues, you're going to have to pay people," said Jacobson. "This is going to drive up the cost of travel."

The ride-hail industry already has increased prices. "Riders have been relatively less sensitive to the price increases triggered by the higher demand, especially since they were industrywide," said Lyft CFO Brian Roberts. "Demand outstripped supply, which led to elevated prices for ridesharing."

Suppliers like Choice are coming up with ways to reduce their labor costs. "We as a company and our franchisees in tandem with us have done a number of things during the pandemic to save on labor costs, everything from housekeeping on request to a flexible Grab and Go Breakfast," said Pacious.

"We've experienced a pronounced need for incremental staffing coinciding with an inability to quickly fill those staffing needs, especially in markets where demand for room nights is high."

—HYATT'S JOAN BOTTARINI

Supply Will Catch Up, But When?

The staffing shortage will be resolved, but the question is when, according to Jacobson. He expects the situation will stabilize by June. Jacobson pointed to the U.S. Bureau of Labor Statistics' April jobs report, in which the leisure and hospitality sector outperformed all other sectors. Leisure and hospitality gained 331,000 jobs in April, outperforming the overall U.S. jobs increase of 266,000, a weak overall performance caused by losses in delivery, transportation and temporary help, among other sectors.

Still, the majority of that April increase was generated by employment gains in restaurants and other eateries, according to BLS, and the increase in "accommodation" jobs totaled 54,000. According to BLS, "employment in the [leisure and hospitality] industry is down by 2.8 million, or 16.8 percent, since February 2020."

In April, unemployment in the leisure and hospitality sector fell to 10.8 percent, down from 15.9 percent in January. "The numbers we saw which were positive for the travel industry are going to be dwarfed by the coming month or two," Jacobson said.

Supplier executives, however, expect the problems exacerbating the staffing shortage will be resolved by the second half of the year. "I think it will be tough between now and September," said Hilton's Nassetta. "By the time you get to September, mass vaccination will hopefully be behind us. Kids will be back in school, and people will feel safe that it's safe to go back, and they want to get back and be earning a paycheck. And so I think it will then stabilize as we get into the latter part of the year."

"We think that in Q3 and beyond, we'll start to see a few trends that should give us real tailwinds on the driver side," said Lyft CEO Logan Green this month during the company's first-quarter earnings call. "One is, just as more and more drivers are getting their second [vaccine] dose and feeling safer driving and as overall case rates come down, I think that's really going to change a lot of the kind of feelings of health and safety around driving," he said. "Two is the federal unemployment benefits are sunsetting in Q3."

The $300 weekly supplement to unemployment benefits is scheduled to end Sept. 6, although that could change. "Politicians have a way of changing things on the fly," said Jacobson. "We saw that with the Paycheck Protection [Program] extension, where it was going to expire in March but at the 11th hour, they extended it for two months. It's going to be coming to an end in a few more weeks, but at the same time, they've run out of money. Will they replenish the money? Will they extend it? All of these things are factors that make it very difficult to come up with solid forecasts because in some sense the goalposts keep changing. "

Hilton's Nassetta suggested the current federal unemployment top-up would expire in September, as expected. "I guess it could be extended," he said. "My impression is it will not be."

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Feeling the Squeeze

M&A activity of course is not a new trend in travel management, especially in the middle market, said Innovative Travel Acquisitions president and CEO Bob Sweeney, who noted that the trend toward consolation dated back more than three decades.

What is new: the dual pressures of Covid strangling revenue for many TMCs while a broader shift in client demand necessitates platform and technology investments many mid-market agency owners aren't interested in making. For those owners, especially those closer to retirement age, it may simply not be worthwhile to try to keep up with newer, and deeper-pocketed, competition, according to Sweeney, who helped broker CorpTrav's sale to Frosch as well as the Direct Travel deal for the Short's corporate portfolio.

"Going forward in the new world, you have to either be tiny or huge. I don't think you can be in-between anymore," said Sweeney. "People who have nice, well-run businesses, but maybe not the technology that you're going to need [to compete] … have to decide if they want to make that investment or if they want to sell."

As long as there are potential buyers circling, that may not be a difficult decision to make for many owners, Sweeney added, predicting "a lot of transactions over the next two to three years" as such owners decide "if you can't beat 'em, join 'em."

Those who do sell won't have a great deal of leverage around pricing while uncertainty lingers around the pandemic's lasting effects on corporate travel activity, said Sweeney—but the broker does see a definitive inflection point at which the pendulum could begin to swing back in sellers' favor.

"It's clearly a buyers' market now, but that will shift once the sellers can point to 2022," Sweeney predicted. "In the first quarter of 2023, that's when you may see it start to shift a bit back to the sellers," provided travel has seen a strong bounce-back.

Sweeney said the long-term effect of the pandemic on the industry would be a largely hollowed-out midmarket segment. "When you look at the top 50 list [of TMCs], I'm thinking numbers 45 through 50 are going to be pretty small," he said. "The middle is disappearing before our eyes."

New Money, New Models

TripActions' acquisition of U.K.-based Reed & Mackay was notable not just for joining what some might consider opposite ends of the travel management spectrum—the mobile-centric, traveler-directed ethos of TripActions and the white-glove, bespoke service of Reed & Mackay—but also for being the first-ever acquisition made by TripActions. Despite racking up a total of about $1.3 billion in funding since its 2015 founding, the company previously had devoted those dollars to innovation and R&D, organic growth and a sizable war chest.

TripActions was mum on further potential deals. But in January, in connection with its most recent funding round of $155 million, founder and CEO Ariel Cohen said TripActions is "always looking at the market and potential growth opportunities."

Another newer, tech-centric travel management provider, TravelPerk, has been more forthright about its intentions to deploy its own stock of investment capital on acquisitions. After securing a $160 million series D round in April to bring its total investment funding to nearly $300 million, the company said it was eyeing opportunities to follow up its purchase of NexTravel by acquiring other companies in the travel management space.

Discussing those plans, TravelPerk chief commercial officer Jean-Christophe Taunay-Bucalo cited the current transitional state of the corporate travel industry as a "moment when, more than ever, we want to be aggressive" in order to create "a big gap" between TravelPerk and its competitors.

But those competitors aren't standing still, and many are eyeing their own growth opportunities.

Those include TravelBank, which thus far has opted to partner with TMCs rather than seeking to acquire one. The Silicon Valley-based company last year launched an initiative to expand its distribution footprint beyond the straight-to-client model. That push thus far has included deals to build customized versions of its travel management platform for TMCs including Adelman Travel and World Travel, along with a distribution pact with lightly managed travel booking specialist Upside Business Travel.

Meanwhile, Emburse—the expense management conglomerate whose platforms include Chrome River and Certify, among others—in March acquired travel app developer Roadmap and spending data analytics specialist DVI. Those purchases expanded Emburse's capabilities to provide two services often fulfilled by TMCs, and which the company expects will be emphasized post-Covid.

And as for traditional TMCs seeking to retool for the post-pandemic era, acquisitions aren't the only opportunity. Some have doubled down on in-house innovation, including FCM, which is preparing to unveil an entirely retooled, omnichannel booking platform as the TMC targets a 50 percent recovery in its business travel sales activity by year-end.

Disintermediating third-party online booking tools in favor of originating bookings through their own proprietary channels, particularly their mobile apps, will be a key priority for TMCs over the near term, said GoldSpring Consulting partner Will Tate.

Doing so will enable those TMCs to avoid having to pay booking fees to third-party OBTs, while offering greater control over their clients' booking experiences—two goals TMCs long have sought.

"Simply put, a poor OBT experience is often attributed, wrongly, to the TMC," said Tate. "And TMCs have yielded customer control and cost management to the OBTs, without much ability to impact either."

Mobile app-originated booking would empower TMCs to control the customer experience, related costs and determine which fulfillment channels are used to book individual segments, while creating "one more revenue stream to offset the supplier-to-TMC revenue upheaval related to the pandemic," Tate said.

Of course, with the post-pandemic travel era all but certain to bring with it significant competitive consolidation and radically revamped service models in the TMC ecosystem, it ultimately will be up to clients to decide what approach—and what provider—works best for their own particular needs as their programs get up and running again. ◂

> **"Going forward in the new world, you have to either be tiny or huge. I don't think you can be in-between anymore."**
>
> —INNOVATIVE TRAVEL ACQUISITIONS BOB SWEENEY

2019 Will Not Come Back

BY PATRICK W. DIEMER

Our industry's CEOs, who are paid to manage their stakeholders' expectations, have stopped forecasting the recovery of business travel post-Covid-19. It is a risky exercise, because the odds to be wrong are very high. We moved from early statements like '2023' to '2024' to a truthful 'we do not know.' And I do not know either.

We are in the worst crisis of business travel globally since World War II. 9/11, SARS, the global financial crisis of 2018, volcanoes, all of these have not brought down business travel for such a long time. In spite of this situation, the business travel industry, companies and investors, still pose questions on the future size of business travel activity. A key question continues to linger: When will it come back? Looking at institutions brave enough to make forecasts, my eyes fell on:

- The World Travel and Tourism Council, which looks at business travel as part of their economic analysis
- The Global Business Travel Association, which contracts Rockport Analytics to produce its Business Travel Index
- FitchRatings, which forecast business travel recovery when they assessed CWT's long-term debt

The analysis and forecasts cited above were published in 2021. I would consider them the latest findings.

Any recovery scenario struggles with the question, how much of business travel will be replaced long-term by virtual meetings. You do not have to believe an extreme position like Bill Gates' "over 50 percent of business travel … will go away." Yet, every travel manager acknowledges and appreciates that a substantial part of business travel will be replaced by Zoom, Teams and the like.

For the purpose of my own forecast, I assume that 30 percent of business travel will be gone for good, and I have nothing but anecdotal evidence to proof this.

Taking these three pillars of available forecasts plus anecdotal projections, here are the major learnings:

1. Nobody believes in a recovery by 2024.
2. In an unlikely optimistic best case, we might see a full recovery by 2025, more realistically in 2026.
3. If, however, travel managers are correct about 'minus 30 percent,' and one applies a normal annual growth rate on this plateau, we will see 2019 levels of business travel activities only in 2028.

Arthur D. Little senior advisor Patrick W. Diemer is the former is the former managing director of AirPlus International. He now sits on several advisory boards and works as an investor in B2B travel and payment innovation.

We are in the worst crisis of business travel globally since World War II. 9/11, SARS, the global financial crisis of 2018, volcanoes, all of these have not brought down business travel for such a long time.

There are many interesting learnings from these observations.

2019 is history and it will not come back. This crisis has lasted too long for our industry for any pre-crisis scenario to provide meaningful guidance for decisions managers need to take today. Whether 2019 business volumes will be back in 2025, 2026 or 2028 becomes unimportant, because it is too far away in the future to be of any relevance today.

Suppliers do not need a comeback of 2019 levels. As a matter of survival, business travel suppliers have cut fixed costs substantially. British Airways now has 21 percent less staff than a year ago, Lufthansa minus 19 percent, Marriott minus 30 percent, just to name a few. When borders open again, likely later this year, these efficiencies will be sustainable at least to some degree. As a result, many suppliers will observe their pre-pandemic profits to come back well before their revenues will reach all-time highs again.

There is a bright light at the end of the tunnel. WTTC reports 2020 business travel activity worldwide to be at 39 percent of the previous year. At the moment, we are even below 2020. IATA reports international air travel in April 2021 to be at about 20 percent of pre-crisis level. From this very low level, the growth the industry will experience will be stunning. Travel restrictions will be lifted in the foreseeable future. Even with the most conversative assumptions, the next two to three years will see travel double.

Expect low capacity and high prices. Suppliers will have little incentive to ramp up their capacity to pre-crisis levels. In particular, airlines will continue to park significant parts of their fleets. This will limit choice for buyers, and it will increase prices to pre-crisis levels well before we should come back to pre-crisis travel volumes.

Expect less cross-subsidization from business to leisure travel. Locations, events and providers that cater to business and leisure travelers alike will observe business travel to come back much slower than leisure travel. Their ability to charge high prices to companies that effectively subsidize lower-paying tourists will suffer, because the number of business trips will be so much lower going forward. Hence, hotels in big cities like New York and other suppliers will see their margins shrink.

The unpredicted and incomparable crisis we find ourselves in will end soon but will have long-lasting effects to our industry—most of which we will only start to understand in the months to come. The question as to when we will see pre-crisis business volumes will be the least of our worries. ◾

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