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BUSINESS TRAVEL NEWS

August 23, 2021

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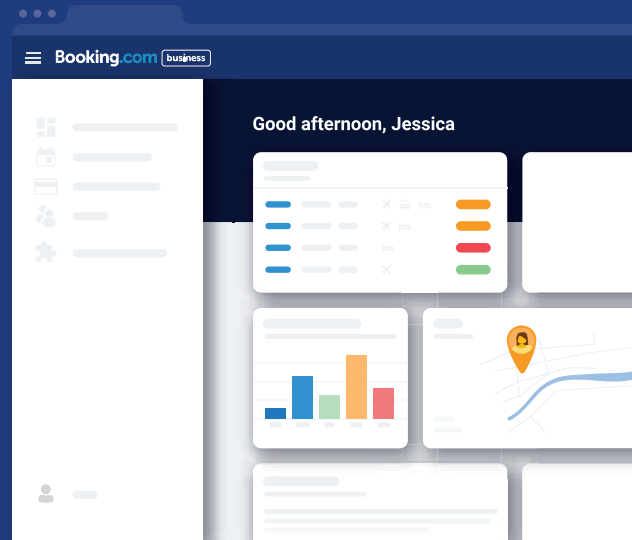
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Sincerely,

Beth Kinerk
Senior Vice President, Sales
Avis Budget Group

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Joshua Wood
Director Business Travel
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Dear Travel Partners,

As we look toward the post-pandemic future, we also look back and recognize the resilience of small-midsize businesses. In a period that was hardly short on challenges, this segment came up with creative solutions at extraordinary speeds. These businesses continued traveling throughout the pandemic because, in many cases, in-person interaction was

essential to their success. We're proud to sponsor the Business Travel News "Small and Midsize Travel Management Report" as we recognize and celebrate these incredible companies and their outsized efforts.

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Sincerely,

Doreen R Burse

Doreen Burse
Senior Vice President – Worldwide Sales
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'Nimble' SMEs Lead Corporate Travel Recovery

Small- and midsize companies were the first to return to travel after the Covid-19 pandemic hit in March 2020. The business travel industry has taken notice.

Business travel recovery looks bumpy, with Covid-19 cases on the rise in many geographies, international travel still lagging and many companies postponing their return to the office. One recovery element that has remained consistent, however, is that small- and midsize companies jump-started the return to travel after March 2020.

Airlines, hotels, car rental suppliers and travel management companies have indicated they've seen SME business pick up faster than larger enterprises.

"Small business demand, which was roughly 17 percent of our system revenue, has been improving steadily as vaccination rates have increased and as markets reopen," said American Airlines president Robert Isom during a first-quarter earnings call.

Echoing that sentiment: "Small- and medium-sized enterprise volumes continued to outperform corporates by 10 points and are now 50 percent recovered," said Delta Air Lines president Glen Hauenstein during a July second-quarter earnings call.

IHG Hotels & Resorts has seen growth in its SME-focused Business Edge program, with a little more than 50,000 registered accounts as of early August. "We had doubled ac-

counts in 2020, and on top of that larger base, we've grown another 25 percent year-to-date [compared to the same period in 2020]," IHG SVP of global sales Derek DeCross said. He added that though SME travel was still down, it was down 15 to 25 percentage points less than large managed corporate travel.

Best Western also is seeing growth in its SME program Business Advantage. While volumes were down in 2020, "the amount was less when compared with the rest of business travel," said Best Western VP of worldwide sales Wendy Ferrill. Program membership was up about 2 percent over 2019 year-to-date as of late July. Room nights were up about 7 percent for the same period, she said.

"At Avis Budget Group, we have seen an increase in travel of SMEs versus larger corporations, especially when comparing global corporations that tend to have more international travel restrictions," said Avis Budget Group SVP of sales Beth Kinerk, adding that current enrollment in the company's business program is now back to pre-pandemic 2019 levels on a per-day basis and is on pace to exceed the number of accounts in 2019.

Likewise, Enterprise Holdings has seen nearly a full recovery of its "home city" business, which is through the company's

"Especially if you are a medium-size business in an arena with large-size competitors, you don't have the luxury to stay at home. You might not have the same safety net to fall back on."

Acquis Consulting's Hansini Sharma

Enterprise Rent-A-Car brand and generated from locations not affiliated with airports. "Our home city business is back to where it was pre-pandemic, close to 2019," said Enterprise SVP of global sales Donald Moore. "And that business is mostly SME customers. That business came back relatively quickly compared to large global corporates." The company's airport business is at 28 percent of pre-pandemic levels, Moore added.

"We continue to see the SME segment lead the return to travel, and more clients are accelerating their return to travel," said American Express Global Business Travel VP and general manager for the U.S. SME market Maria Haggarty. "In July, 76 percent of SME clients have either restarted or are actively planning to restart travel, up from 54 percent in June." In April, clients were estimating that by the end of 2021, volumes would be between 30 percent to 40 percent of 2019 volumes. By July, they were estimating year-end recovery at 40 percent to 50 percent per quarter.

MORE FLEXIBILITY, LESS BUREAUCRACY

Reasons why SMEs led the recovery vary. Many of the first movers were essential industries: health care, construction,

manufacturing, logistics. They also might have needed to be on the road to keep their businesses running.

“Especially if you are a medium-size business in an arena with large-size competitors, you don’t have the luxury to stay at home,” said Acquis Consulting practice lead for corporate travel Hansini Sharma. “You might not have the same safety net to fall back on.”

With the rollout of vaccines, other industries started to pick up their pace of return to travel, and smaller enterprises started to return faster to the office than larger corporations.

“As we got through May, SME accounts started moving faster on their return to offices and putting people back on the road,” said Marriott International VP for U.S. and Canada account sales and national group sales Alice Harrington-Caravello. “We started to see more consulting agencies, law, accounting, retail move back into the mix. It speaks to some of the uptick in volume we’ve seen from May to June to July.”

Travel management company Corporate Traveler has seen similar trends. “Based on industry, construction, health care and pharmaceuticals are definitely still good,” said VP of customer success Ben Hobbs. “[Then] travel and entertainment started to pick up. More recently, in the February timeframe, we started to see more finance and banking picking up. In terms of numbers, in the beginning we were down in the single digits compared with pre-Covid travel, then we hovered around 10 percent to 12 percent for some time. Now we’re back up to 40 percent of pre-Covid volume.”

SMEs also tend to have fewer corporate layers than global

corporations when it comes to travel policies and risk, especially as they are more likely to be privately held.

“A lot of SME companies don’t even have travel management support, so they have less controls in place,” said Craig Fichtelberg, president and founder of Amtrav, which focuses on the SME market. “The larger the company, the more bureaucracy you hear about. But smaller companies are more flexible and nimble. ... They also have a need to drive revenue and see this as a competitive advantage, a first-mover advantage. With smaller companies, the relationships with their customers are also more personal.”

Client demand was the reason a midsize financial company started to travel again by late May of 2020. “It’s been based on the client or supplier, on business need,” said the company’s travel buyer, who added it’s mostly been domestic until recently. “At first, it was very slim, because few clients were able to meet with us. There’s been no internal travel.”

The company’s C-suite made the decision that at first there would be essential travel only, and essential meant client need, but also depended on market restrictions, which were fluid. “We color-coded states and then managed through the different restrictions every state had,” said the buyer. “For example, if you wanted to go to New York, you had to fill out a declaration. Going to California was non-existent.”

As vaccine distribution expanded, “we saw a little bit more light at the end of the tunnel,” said the buyer. The company’s air spend from January through July was about 18 percent of 2019 for

the period, which was \$13.6 million. In the beginning, they didn’t want people making air reservations more than seven days out because there were so many changes happening. Then the airlines did away with change fees. Today, the company has used 98 percent of the unused tickets that were available when Covid hit, “which is why air spend doesn’t look like a lot.”

Not all midsize companies, however, have seen their travel surge this year. Global Canadian-headquartered Ritchie Bros. Auctioneers, which specializes in holding auctions for heavy industrial equipment and trucks, took a more cautious approach to their return to the road, especially as travel restrictions lingered within Canadian provinces and for cross-border travel with the United States, which just recently reopened.

Total travel spend is only at about 10 percent of 2019 levels for the company, said travel administration manager Michelle Grant. “We’re still very far away, but when comparing to 2020 [numbers], it looks amazing.” About 300 of the company’s 3,000 employees are considered regular travelers.

Roughly 50 percent of the company’s travel is related to auctions, which shut down, Grant said. Like others, Ritchie Bros. allowed only essential travel for most of last year—such as for conducting appraisals, which can be difficult to do remotely—and that had to be approved at the executive level. (As of a few months ago, managers can now approve travel.) To keep business operating, they moved to 100 percent virtual auctions and built studios in their auctioneers’ homes so they could call

an auction for anywhere in the world. There were needs for the tech and sound personnel, and some equipment had to get moved around, Grant added.

Into 2021, travel remained flat, then it started to pick up, Grant said. However, when the case load surged again in California, they cancelled some planned meetings. “We decided to be cautious,” she said. “It’s just not worth the risk.”

INDUSTRY FOCUS ON SMES

The importance of this market segment has not been lost on business travel companies, and there seems to be a focus on going after SME business, especially in the domestic U.S. market. Last September, Australia’s CTM agreed to purchase the U.S. TMC Travel and Transport, which counted a good portion of SMEs in its client base.

“We knew we needed the scale in North America,” said CTM COO for North America Maureen Brady. “The SME [factor] did appeal. That fit so well into the CTM service model. Between what Travel and Transport had and their technology and our complementary technology, it will be a big value to that marketplace. ... What is important about the SME market is the ability to deliver not only service but to understand the reason why they travel, and that is to grow their business.”

Brady added that CTM had a record sales year for fiscal 2021, which ended June 30. “Over 60 percent of new businesses were SMEs,” she said.

In May, Amex GBT announced it had agreed to buy Egencia, Expedia Group’s corporate travel arm, a move that will

increase GBT’s exposure to SME clients. The TMC next introduced its SME-focused expense and management tool Neo1 from the U.K. into the U.S. market.

“SMEs play such a role in the backbone of the economy; when they thrive, it assures a country can thrive,” GBT’s Haggarty said. “We see jobs, growth, innovations. All TMCs continue to play a role to make sure SMEs can travel and conduct business in the most effective and efficient way possible.”

Corporate Traveler’s Hobbs thinks SMEs have always had higher margins, but it’s been harder to scale. “With automation and advancements in technology, [it’s] been a very attractive market for the TMCs,” he said. “When we think of the large market with more contracts with vendors, there are lower margins and it’s more of a volume game. In the SME space, it’s the opposite, with fewer negotiated rates and contracts, and TMCs can benefit from that.”

Acquis Consulting’s Sharma sees many reasons for the targeted focus. “SMEs, particularly midsize companies, there is so much opportunity to transform their travel programs in so many amazing ways,” she said. “To be more personalized, state of the art, focused on duty of care—all the things we are hearing. It’s difficult to move a large ship and easier to move a midsize yacht. It’s also easier to change fewer people’s minds, and easier to train fewer people.”

Still, Amtrav’s Fichtelberg said that a lot of SMEs have stayed away from travel management because some mainstay TMCs have made it difficult for companies to go from an unmanaged environ-

“SMEs play such a role in the backbone of the economy; when they thrive, it assures a country can thrive. We see jobs, growth, innovations. All TMCs continue to play a role to make sure SMEs can travel and conduct business in the most effective and efficient way possible.”

**Amex GBT’s
Maria Haggarty**

ment to a managed one. “I’m not sure these acquisitions are addressing that because they’re not really lowering the barriers and hurdles,” he said. “Let’s talk about eliminating long-term contracts. The burden is on us to provide good support, not have a three-year binding contract. Barriers to entry need to be torn down to make it easier for SMEs to get the support I think they need now more than ever. Also, a number of technology companies have tried to come into the space, but they’ve underplayed and underestimated the value of the personal support side. Travelers on the road still want to speak to someone when they run into trouble.”

PROGRAM CHANGE OPPORTUNITY

Sharma also has seen a lot of companies take the opportunity to implement all new TMCs, expense solutions, online booking tool solutions, or to rework the solutions already in place. “They’re retraining people on policy or rewriting their policies all together,” she said. “This is a time where people are exploring nontraditional ideas, like maybe we don’t need to source a whole program. Maybe we can leverage API connections with third-party content providers so travelers feel like they have more freedom and flexibility. There’s a push toward less mandated programs and introducing more optionality. ... It’s a great time to take a step back and realign on program goals for cost savings, procurement and people engagement.”

CTM’s Brady said she’s seen some large companies that significantly reduced their travel take advantage of some SME

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opportunities. “It’s about having a really honest dialogue with those customers and talk about how they can conduct business and operate successfully if they don’t see themselves returning to pre-pandemic levels for several years,” she said. “That is where we engage and say let’s talk about some programs with various travel vendors that will still bring you value for the next several years. Airlines, hotels love it, because they don’t want to lose all their business if [a customer] doesn’t have enough volume to warrant a discount. Also, a lot of vendors are extending things.”

Hotels rolling over rates is one example. Marriott’s Harrington-Caravello said that 94 percent of the company’s SME accounts rolled over their rates from 2020 into 2021. “We received tremendous feedback from customers because they felt supported, especially in this space,” she said. “This is something we are continuing into 2022, because volume on special corporate looks different for this year, and a lot are still unsure of what 2022 will look like. There are so many unknowns, we were getting asked by customers if we would consider rolling over again and we are going down that path.”

IHG is doing the same with its Business Edge discounts, DeCross said. “It’s huge to have this global discount applied across 5,800 participating hotels,” he said. “We see demand continue to grow and don’t think that it’s going to show any signs of slowing down.”

With an increased focus on duty of care, SMEs are taking their travel programs a lot more seriously, Best Western’s

Ferrill said. “They need to know where their people are staying and have confidence in the cleaning [protocols].” She added that they’re also seeing growth in this market through TMCs and can tell people are migrating to a “semi-light managed program.” As a result, the company has grown its SME sales staff “because of the opportunity that is in front of all of us there.”

Corporate Traveler’s Hobbs agreed and added that he is seeing companies be more lenient toward traveling in a higher cabin, for example. Likewise, “some companies would require shared rooms before, now everyone has separate rooms,” he said.

Enterprise’s Moore noted that business has grown because before the pandemic, four people would share a vehicle. Now, because of social distancing, each person gets their own car. Both Moore and Avis Budget’s Kinerk noted that they’ve seen SMEs shift from short-haul flights to rental cars. “Customers are driving further than they used to drive,” Moore said. “The rental length has increased.”

NEW PROGRAMS FOR SMES

To continue to capture more of the SME market, suppliers are enhancing or creating new programs for this segment.

Without going into detail, Kinerk said Avis Budget would launch a new product by the fourth quarter of 2021 to benefit small business owners who were hit hard due to the pandemic. IHG is looking into how to better integrate the meetings and event side into the Business Edge program, DeCross said, “to provide a soup-to-nuts experience for

these customers.” Amtrav also is developing an “intuitive meetings platform,” Fichtelberg said. “We anticipate there being a lot more company meetings with [more] remote users than ever before.”

VITAL COMMUNICATIONS

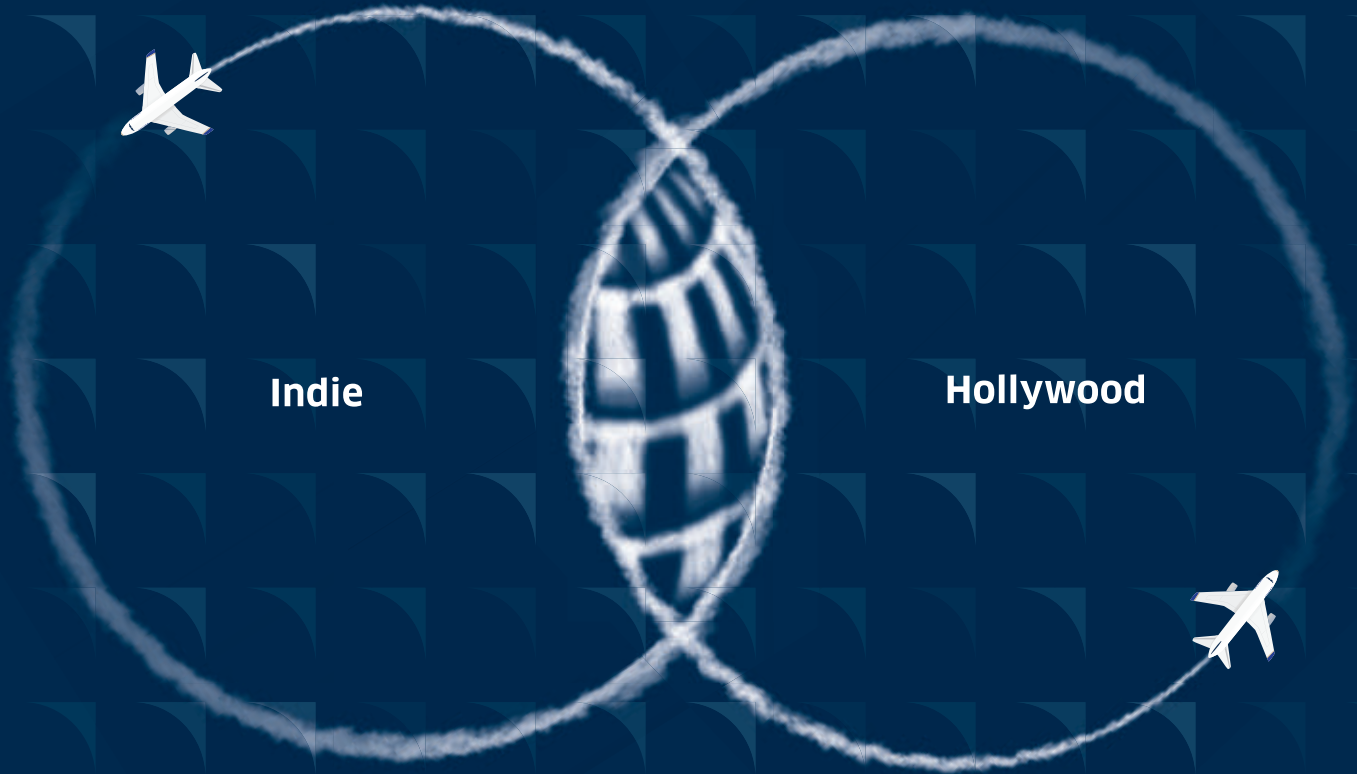
Many sources said during the pandemic it was paramount to stay connected with each other in the industry. Suppliers noted their efforts in communicating their new cleanliness programs and safety protocols to customers and reaching out to clients simply to keep in touch, even if there wasn’t much business happening.

Buyers supported those statements.

Ritchie Bros.’s Grant said that all her suppliers kept in touch with her. “It was lots of updates in the beginning,” she said. “There were no demands or expectations, more checking in and trying to get updates on what was happening with the travel program. We were fortunate to have those great relationships with suppliers.”

The travel buyer from the financial company scheduled monthly supplier meetings, “and it made us closer,” they said. “They constantly say how much they appreciated it. If you’re a good salesperson, you want to make sure that communications stay pretty tight.”

The buyer also noted their appreciation for all the master classes and webinars held by many industry organizations. “All the information I was able to learn and community involvement that took place in the last year,” they said. “I’m now connected to so many travel managers across the country who I can ask questions. I wouldn’t have had that before.” ■



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Adapting to Post-Pandemic Program Complexities

Ever-changing Covid-19 restrictions and other duty-of-care concerns is pushing small- and midsize companies to assess their travel programs.

The adage has long held that, with travel programs, smaller does not necessarily mean less complicated, but as small- and medium-sized companies begin to ramp up travel again in the coming months, they will be facing a host of complexities that could make operating without a managed program more difficult than ever.

For some, those complexities include still sorting out the challenges that arose in the onset of the Covid-19 pandemic. Cheryl Benjamin, former travel buyer for Dart Container Corp. who now is working as an independent consultant, said she recently spoke to a company that was part of a rapidly growing segment during the pandemic. It had no real managed travel or card program and was now trying to put everything together for both it and its recent acquisitions.

"I can't imagine some of these smaller programs that didn't have a managed program when Covid hit, even just trying to determine the unused tickets, which could be hundreds of thousands in lost dollars," she said. "Companies without a corporate card program might not have the means to pull this data and even know what spend they had."

STAYING ON TOP OF RESTRICTIONS

Sorting out unused tickets, however, is no longer "the most frequent call" from SME clients, TripActions chief revenue officer Carlos Delatorre said. One of the key challenges now, he said, is keeping up with the ever-changing restrictions related to Covid-19 around the world in real time. Already there have been quick changes in restrictions or quarantine requirements and the bursting of travel "bubbles" that have emerged, meaning business travelers will need to quickly adapt in the months ahead.

As such, having access to the right technology will be critical as travel returns, Benjamin said.

"The time that we're in right now, email is never an effective way to communicate things that high-priority," she said. "If there's another surge or a different variant, what are those hotspots? How do you keep on top of that?"

Peter Gianusso, who recently joined Flight Centre Travel Group as its chief technology officer, said that currently is the biggest request from FCM's SME clients as well. FCM has partnered with travel documentation data provider Sherpa, which pulls data from more than 2,000 sources, and have developed a co-branded website to keep corporate teams informed of rules

"We're seeing, among SME customers, low tolerance for an unmanaged program. They are looking for simplification and an end-to-end technology backed by people who can support in any time of crisis."

**Amex GBT's
Terri Buscemi**

and restrictions around the world. "It's really challenging, from a technology point of view, to adapt to that," Gianusso said. "We're delivering that information to our consultants, along with the travel managers."

Not having that information could be costly for SME travel programs, which already likely have their budgets stretched, Benjamin said. If an employee travels to a country not understanding the quarantine requirements, for example, the company could find itself on the hook for a lengthy, costly hotel stay. Or, a traveler could travel to country where travel is permitted but then find out upon return the testing required to re-enter the United States or another country is not available.

Suzanne Boyan, meetings and travel manager for global professional services firm ZS, said her company opened up travel at the beginning of June. As the pandemic proved to be a "perfect time to make changes and hit a giant reset button," the team rolled out the Zeno booking and expense tool over the past year, and they first concentrated on training the administrative assistants to senior leaders, who would be the first ones traveling.

While ZS has been saying that domestic travel is "fully open," given the challenge of keeping up with the changing situation

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globally, international travel still requires a “high-touch” approach handled by the travel team.

“We have a team of two travel employees helping out with those international [requests],” Boyan said. “We still have travel shut down in Europe and Asia/Pacific because things there are so volatile. We’re waiting until there’s a little bit more consistency.”

That has not translated into instituting a pre-trip approval process, however. “I stand by the fact that it’s a waste of time and encourages people to book outside of their program,” she said.

Having the right technology tool can enable SMEs to move away from pre-trip approvals even in the face of this volatility, TripActions’ Delatorre said. Being able to track Covid-19 infection rates, for example, could allow a company automatically to turn off travel to an area when the infection levels there go above what a company determines to be an acceptable rate, he said.

“It’s more control, because policies are dynamic, and you can base it on variables in real time,” Delatorre said. “Nobody has to do anything or change anything; the policy is just updated.”

EVOLVING DATA NEEDS

Of course, SMEs will need stronger controls beyond the bookings in a post-Covid-19 world. Boyan said the one piece of technology she would not want to operate without is some sort of data consolidation dashboard.

If you don’t have a mechanism to pull in all of your data, you’ll spend too much time trying to figure out who booked in or out of your program, but most importantly, trying to get people back to safety,” she said.

The largest travel management companies are recognizing these needs as well. American Express Global Business Travel, for example, made a big play toward the SME market earlier this year with an

agreement to acquire Egencia, Expedia Group’s corporate travel arm which has done heavy business with SME accounts. The deal, in which Egencia will continue to operate as a separate brand under the GBT umbrella, is expected to close this year.

In the meantime, Amex GBT last month also announced that it was expanding its SME-focused expense and purchasing management platform Neo, launched last year in the United Kingdom, to the United States. The platform includes budgeting, purchasing and expense management functions and connections to GBT’s booking tool and travel support services.

Terri Buscemi, Amex GBT’s VP of business development, concurred with Boyan that a dashboard tool will be critical for SME travel programs, not just for being able to find travelers but to make decisions and access necessary data. Such a tool, for example, could help companies determine proper booking windows as travel returns or provide data around environmental impact of travel as sustainability takes a higher priority for many companies, she said.

OVERCOMING SERVICE STRUGGLES

Access to service on the road, especially during travel disruptions, also will be of heightened importance as travel returns. Airlines, for instance, have been reporting wait times of several hours on customer service calls. While they are making some changes to cut down on call volumes—Delta Air Lines, for example, has temporarily enabled changes for Basic Economy tickets and added self-service capabilities in its app for same-day standby and flight changes—those appear likely to persist as airlines deal with growing demand and work to recover to pre-Covid-19 staffing levels.

Although TMCs will have their own ongoing staffing recovery as demand returns, TripActions’ Dela-

torre said his company largely has been able to maintain response levels. Its ability to maintain a response rate of a minute or less has typically hovered in the mid-90-percent range, and while it dropped to around 80 percent at its lowest level, it has since recovered to above 90 percent, he said.

Hotels also could be shorter-staffed, and car rental availability remains a big challenge, Benjamin said. At the same time, many SMEs will be dealing with a less centralized workforce, with more employees either permanently working remotely or in a hybrid workplace arrangement.

“We’re seeing, among SME customers, low tolerance for an unmanaged program,” Buscemi said. “They are looking for simplification and an end-to-end technology backed by people who can support in any time of crisis.”

Many of these complexities will be faced by larger travel programs as well, but most SME travel buyers will have additional challenges of smaller staffs and tighter budgets in an organization where they likely already had other roles outside of travel management. For those buyers, that can present an advantage to broaden their collaboration across their organizations, such as with the “chief wellness officer” roles that many organizations have added in response to the pandemic. Ultimately, that could result in more support for managed travel, according to Benjamin.

“Smaller organizations are going to struggle with this, and this is where a travel manager can use it to their advantage and elevate their position within the company,” she said. “There are only so many hours in a day, so how do you work smarter? That comes back to the technology and tools and working with a more cross-functional team than it ever has been before.” ■

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Small- & midsize businesses eye a new level of travel management services to address post-pandemic priorities.

The havoc wrought upon business travel by Covid-19 and the long-term changes to corporate travel priorities engendered by the pandemic are driving many small- and midsize enterprises that previously had unmanaged programs to explore adopting a managed model, experts note. SMEs considering such a transition face a fast-growing marketplace, with travel management companies and other suppliers rolling out new products and services designed to meet the increased demand from the previously unmanaged sector.

That dynamism means SMEs have more flexibility than ever to choose a travel management model tailored to organizational needs. But the bevy of available options also makes the already complex process of building a corporate travel management paradigm that much more complicated—especially as post-pandemic travel strategies and policies remain a work in progress for many SMEs. For companies currently considering a shift to managed travel, the process can seem daunting—but the opportunity is ripe to leverage new offerings to create and implement a tailored management framework that will pay off handsomely in the long run.

MOTIVATIONS TO MANAGE

Within the context of Covid-19, there are several factors pushing many SMEs toward some form of travel management, with the drastically increased emphasis on corporate duty of care responsibilities post-pandemic high on list,

experts note.

“Covid has moved duty of care to a critical consideration, as travelers truly may incur life-or-death consequences, so companies now have an HR requirement to not only care for the travelers, but to create goodwill for both their current and prospective employees,” noted GoldSpring Consulting partner Will Tate.

SMEs “seem to have put more internal focus on their programs,” Tate continued, citing specific duty of care-focused measures such as pre-trip approval requirements, policy revisions, as well as enhanced—and ongoing—communication between travelers and arrangers.

Along with the ramped-up onus on SMEs to be able to ensure the health and safety of their travelers post-Covid, the pandemic’s still-lingering effects on end-supplier operations and the resultant travel friction also is helping make the case for managed travel in the eyes of many SMEs, others note.

“The economic conditions caused by Covid reduced the level of capabilities of the travel ecosystem that all travelers are forced to deal with now,” noted Patrick Linnihan, president and CEO of Gant Travel Management—citing in particular the “chaos” caused by the “unprecedented” level of flight schedule changes and cancellations currently taking place on a regular basis.

“Unless you have a high level of airline travelers with status, [a company] can expect next-to-no help navigating the current conditions of last-minute schedule changes and flight cancellations,” Linnihan said. “So if an SME has a high number of infrequent travelers flying right

now, choosing more of a managed travel approach for the purposes of productivity and cost control makes sense.”

Along with air disruptions, the hotel and ground transportation industries continue recovering from the damaging effects of Covid, making for “a new level of travel hassle that all corporate travelers now have to navigate to ensure their trip goal is accomplished,” Linnihan said—citing a surge in demand from Gant’s smaller corporate clients for the TMC to assist in dealing with those supply complexities.

“We’re experiencing a new level of engagement, which seems to indicate that SME leadership is attempting to adapt to the conditions in front of them,” Linnihan said, noting that Gant accounts of “as little as \$25,000 in air spend and \$5,000 in unused tickets [are] asking us to apply some of the more sophisticated travel management tools we offer... on a daily basis.”

And as SMEs with unmanaged travel face those supply-side complexities, it’s safe to assume many are looking for similar assistance by adopting some form of managed travel—whether a full-scale TMC servicing model or a more narrowly focused, service-specific approach.

U.K.-based TMC Corporate Traveler, which specializes in servicing SME clients, has gone so far as to predict that unmanaged travel could become a thing of the past in the near future for essentially all SMEs due to changing sector needs.’

“A common misconception is managed travel is all about controlling traveler decisions; costs; suppliers utilized; et cetera. But an SME may simply want a managed program to provide a better traveler experience and internal awareness, without implementing any control measures.”

Fox World Travel’s George Kalka

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PICKING THE PATH

Once an SME decides to implement some form of managed travel, the next question is what level of “managed” works best for its particular goals. That means it’s vital for a company to have a clear picture of what those aims are.

“It’s critical for the organization to determine the outcome they want by implementing any flavor of a managed travel program,” said George Kalka, vice president of business travel for Fox World Travel. “A common misconception is managed travel is all about control: controlling traveler decisions; costs; suppliers utilized; et cetera. But an SME may simply want a managed program to provide a better traveler experience and

internal awareness, without implementing any control measures,” Kalka noted.

Once an SME has a clear picture of what it wants to accomplish by managing travel, the next step is to assess the resources it has available in-house to devote to the ongoing oversight of travel versus outsourcing that function to a TMC.

“Internal resources play a factor, especially with a light-touch approach, where the company is going at it on their own by piecing together some technology solutions,” said Kalka. “Many SMEs don’t employ a dedicated travel manager, nor is travel expertise a core competency within their organization, [so] the ultimate key

factor is the organization looking internally and asking themselves if they are ready to make a strategic decision and investment in the active management of this spend category. If the expertise isn’t easily identified internally, a TMC will be an invaluable partner to accomplish their managed travel objectives.”

Companies with sufficient manpower and expertise have the option of creating a more bespoke model, with strategy and ongoing oversight driven by a travel manager or other designated leader, while other specific functions, such as online booking, expense management integration, risk monitoring and data analytics, are outsourced to specialist service providers.

For SMEs exploring that “build-it-yourself” route, the available service options are many. Recent years have seen a bevy of specialty providers and tech-based tools come to market offering out-of-the-box functionality and easy integration with other systems via application programming interfaces. The gamut of services on offer has afforded corporate travel departments an unprecedented opportunity to create new models of travel management, such as the program launched in 2019 by professional services firm ZS Associates.

Based upon allowing direct booking with suppliers while leveraging third-party specialists for support, all undergirded by data capture and aggregation from Traxo, the program earned ZS travel operations manager Suzanne Boyan BTN’s 2019 Travel Manager of the Year award. And in July 2021, ZS and Traxo rolled out a commercially available version of the platform targeted for use by other corporate users, pitching the service’s data capture capabilities as particularly vital post-pandemic.

Indeed, far from stemming the

THINKING ABOUT TMCs TRANSACTION FEE VS. SUBSCRIPTION FEE



Travel Manager: Steven Mandelbaum,
VP Business Solutions, EAB
Industry: Education Consulting
Number of Travelers: 500

EAB vice president of business solutions Steven Mandelbaum likes to know what he’s paying for. He’s known for teasing through travel program finances with a fine-tooth comb and holding suppliers to account. Currently, the EAB program operates on transaction fee pricing. “You know what you are paying for,” said Mandelbaum about the model.

Asked how the model performed during the pandemic, he expressed equanimity. “[Our TMC fees] scaled down when our travel went down to nothing. There’s been a lot of agencies in trouble and complaining about this. But they weren’t complaining the other way when travel was gangbusters and they were growing. You can’t have it both ways.”

That said, Mandelbaum said he has long been intrigued by the idea of a subscription fee or monthly charge per traveler, but doesn’t believe the TMCs have quite the right formula yet. “People have to get value every time they are charged. So if you are charged on a monthly basis and no one traveled, there’s no value there. Frankly, the only way you solve for that is to provide other services beyond travel.”

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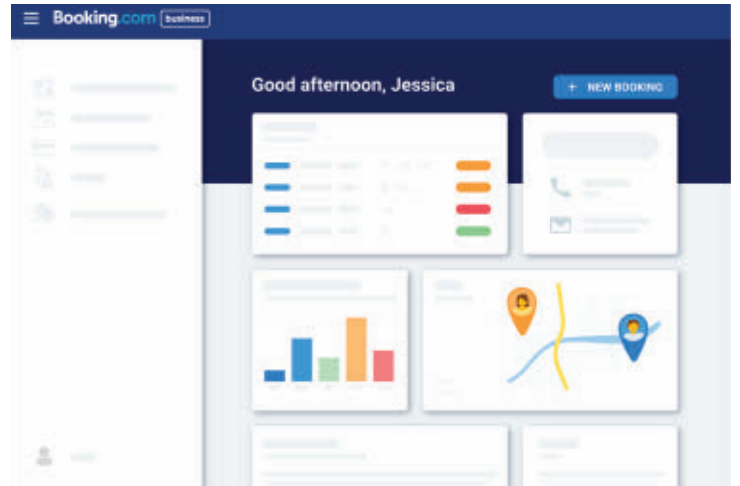
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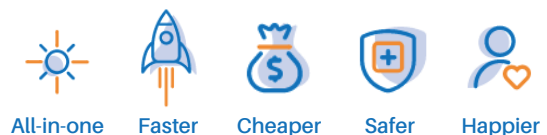
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flow of new travel management tools, Covid-19 actually ramped up innovation as providers raced to build new services designed to help travel managers track infection and risk levels in specific locations and handle the deluge of unused air tickets many companies had on hand due to mass flight cancellations. And as travel has returned over the past several months, tools designed to help manage pre-trip approval flows and deliver health and safety-related messaging during the booking process have risen to the fore.

But while there's no shortage of new products and services available, manpower at many SMEs has been stretched thin by the effects

of the pandemic, making efficiency a top priority.

"SME staffing is a challenge for a number of reasons right now and a good number of SME travel managers are doing more than one role at a company," noted Linnihan. "Under these conditions, we're seeing SMEs ask, 'how do we redesign our program to streamline the work in order to do more with less?'"

As mentioned previously, Linnihan said Gant is seeing "consistent requests for sophisticated managed travel program tools at lower travel spend rates than we've seen before," citing as a prominent example clients utilizing a virtual payment card program designed for travelers who don't have a

THINKING ABOUT TMCs MANAGEMENT FEE VS. TRANSACTION FEE



Travel Manager: Danielle Amoroso,
Sr. Corporate Travel Manager for the U.S., Otsuka
Industry: Pharmaceutical

Otsuka U.S. senior corporate travel manager Danielle Amoroso takes a partnership approach with her travel management company. Prior to the pandemic, she placed her program with JTB under a management fee model, and she's glad she did.

"We transitioned the payment structure from a transaction fee model to a management fee model. I think that made all the difference for us managing Covid," she said. "The TMC saw our relationship as beyond transactional. Our entire staff stayed employed, and we worked on a variety of projects during that time. It really changed the dynamic and the relationship I have with the TMC—moving away from that fee interaction."

As a pharmaceutical company, Otsuka maintained essential travel throughout the pandemic. "We needed their help to do that. We shut down our booking tool and relied on our agents to help us research all bookings to ensure traveler safety."

None of Otsuka's program resources were diminished during Covid, so Amoroso also had the bandwidth to consolidate a number of partner programs under one universal policy and one TMC. "I couldn't have done it on my own," she said.

"We're experiencing a new level of engagement, which seems to indicate that SME leadership is attempting to adapt to the conditions in front of them."

**Gant Travel's
Patrick Linnihan**

company credit cards."

As SMEs demand more sophisticated capabilities, even the largest TMCs are making overtures to serve the segment. Among the big names, American Express Global Business Travel has been particularly focused on growing its SME client roster, citing that goal as a key driver of its May 2021 agreement to acquire Egenzia, which has a major presence in that segment. In July, Amex GBT announced plans to bring its SME-focused Neo1 travel booking, expense and purchasing management platform to the U.S., a year after first launching the system in the United Kingdom. Amex GBT's efforts to attract unmanaged SMEs dates back several years; in 2018, the mega-TMC signed an exclusive agreement with SME-focused travel and expense management provider Lola.

Meanwhile, newer TMC market entrants such as TripActions, TravelPerk and Travel Bank continue to enhance their own offerings by adding new services and partnerships designed to woo SMEs with unmanaged travel by fulfilling specific needs around payments, booking, duty of care and other functions.

As SMEs return to travel with new post-pandemic priorities, challenges and demands, and enjoying increased attention from providers offering tailored solutions, the value proposition of adopting some form of managed travel to meet those needs is perhaps more compelling than ever, observed Fox's Kalka.

"A key value in managing travel is driving a return on the investment, even if the return is more supported travelers versus cost controls," noted Kalka. "This takes skilled people and resources to evaluate information, educate the organization and evolve the managed travel practice as the environment changes." ■

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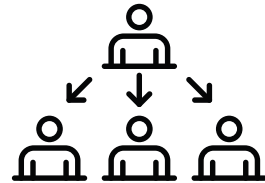
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CASE STUDY

The Pandemic Presented an Opportunity for Change

“To introduce change before we rev back up to normal travel, we wanted to make sure the experience was easier for the user and also a little bit safer.” That’s the current objective of Houston-based Trussway Manufacturing finance VP Dan Durski, who also leads travel management for the 1,000-employee company with 150 profiled travelers hitting the road for sales, projects, training or industry conferences.

Durski described travel management at Trussway as “looking at new ways to save money but also partnering with HR to make sure we have the right travel policies in place and [the ability to] grab the data to make sure we are adhering to policy.”

Durski took up travel management in 2018. “It was kind of a niche [function] I filled,” he said. At that time, the company was contracted with Amex GBT for

features [the TMC] sold us on in 2018. It took weeks to get a response and that rang alarm bells,” he said. “If I had a real issue, how can I get a hold of these folks?” Durski also suspected travelers weren’t satisfied. “I wasn’t getting the feedback I wanted,” he said, plus travelers were not booking on the TMC’s instance of Concur. “They were booking directly with Southwest and things like that,” Durski said.

In addition, Durski had ease-of-use issues with monitoring data in Concur, booking data in particular. “I’ve looked for this information on Concur’s website and I haven’t been able to find it,” he said.

PANDEMIC PRESENTS OPPORTUNITY

When the pandemic struck, Trussway suspended business travel and required employees to work from home. Only essential trips were allowed and

a change,” he said. “Ultimately the rest of management agreed. Together, we reevaluated the program: our CFO, CEO, VP of operations and HR director.”

The outcome of that scrutiny place priority on traveler safety. That was “first and foremost,” said Durski, who added that as a manufacturing company, Trussway is all-in on safety in other parts of its business, so that needed to extend to travel. “We have strict adherence to safety and it’s on our minds every day when we walk through the doors here,” he said. Trussway wanted to know where its people were traveling and also wanted to support them with a quality user experience to attract employees into the program.

At first, Durski and the executive team were looking only for an agency change, but as the search progressed, they realized they had more options, including the chance to go with an all-in-one provider that offered travel booking and agency support, in-house technology and built-in payment and expense. “The simplicity was what really excited us,” said Durski.

Several industry players have initiated the all-in-one experience, which Egencia mainstreamed more than a decade ago. The model has more recently expanded with mobile-first newcomer TripActions, which introduced payment and expense capabilities with the Visa-backed Liquid payment tool that rolled out late last year. The next-generation TMC also was among the first to offer a

robust Covid-19 era case rate and traveler tracker tool to monitor whereabouts and support real-time decision-making. The combination tipped the scales for Trussway’s executive team.

“It’s an entire package,” said Durski about the TripActions solution selected by the Trussway executive team. “Right now, I’ve got to chase a bank or Concur or the TMC when issues arise, but TripActions has one number to call.” Plus, he said, “I’ll be giving HR access so they can monitor [the Covid-19 data] as well.”

READY TO ROLL OUT

Trussway is implementing the TripAction platform now and preparing travelers for program changes. The company has offered live demos from the supplier and has established virtual ‘office hours’ with no set agenda—just the ability to answer questions. “We’ll be rolling out trainings and are currently setting policies within the system and uploading employee data.”

Asked how he will measure success, Durski replied: “I’m able to access real-time booking and expense data to ensure everyone is using the platform for travel,” since all company expenses are audited and reported through Liquid, not just travel bookings made on the TripActions platform. “If not, I’ll be able to target those who aren’t, and take it from there.”

Also, he said, Trussway will launch a travel survey to get user reaction to the tools. “It’ll be a success to get positive feedback from the organization.” ■

“Hey, now might be the opportune time to make a change. Ultimately the rest of management agreed. Together, we reevaluated the program: our CFO, CEO, VP of operations and HR director.”

Trussway Manufacturing Finance VP Dan Durski

travel and Concur for expense, and was looking for an agency change.

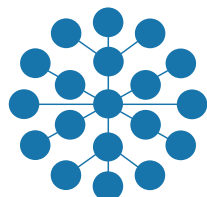
The new TMC, however, wasn’t up to snuff. Durski said the account management and customer service teams were slow to respond. “I had several questions with some of the

were approved by an internal committee. “We didn’t really start traveling until maybe late last year,” Durski said.

But with the halt, Durski saw a chance to reevaluate Trussway’s travel program again. “I raised the flag saying, ‘Hey, now might be the opportune time to make

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The Path Back to Business Travel

Two midsize corporate travel managers tell about their journeys to get business travelers back on the road.

EAB vice president of business solutions Steven Mandelbaum and Otsuka U.S. senior corporate travel manager Danielle Amoroso tell how their midsize programs are forging the path back to business travel. Both spoke with BTN editorial director Elizabeth West as part of a new podcast series. The following is excerpted from those conversations.

Pharmaceutical and health care are among a handful of industries that continued to travel during the pandemic. Is that true for Otsuka?

Danielle Amoroso: We did go through a period where we completely halted travel. That was during the period when many of us were under full lockdown. ... At this point, we've opened domestic travel for all employees, but we are asking them to follow "business necessary" guidelines. We took away that "business essential" term—we heard that term a lot with the restrictions—and shifted that mentality to "business necessary." If the meeting can be virtual, by all means do it. Travel isn't mandatory and is based on individual comfort.

We are still not permitted for international travel, but our domestic travel has nearly gone back to 2019 pre-pandemic levels.

I assume EAB might be different.

Steven Mandelbaum: In 2020 we had let's say zero travelers, but in a normal year we have about 500 or 600 travelers. In early June we started our "soft restart." It's all partner-facing—our customers, we call them partners—and it's 100 percent voluntary for those who would like to go. We currently require that our travelers are vaccinated.

That's an interesting detail. Was that a decision made with HR or other executives?

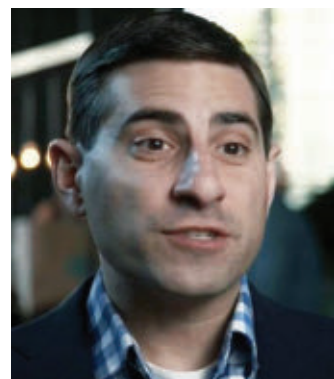
Mandelbaum: It was a baby step. We said, "What is the safest we can do this?" As we get more comfortable, we can peel the onion back and start to allow broader things. For now, it's partner-facing only with vaccinated travelers only.

The two of you are in quite different places in terms of timing and volume on return-to-travel, but I do think that you've had similar approaches in how to rebuild. You both started small "programs" or pilots to test out the situation.

Amoroso: We started with hotel overnight stays ... and identified a group of field reps who had a need to stay overnight. They were driving their own vehicles, but the [target] location was three or four hours away. We trained this



Danielle Amoroso is the senior corporate travel manager for pharmaceutical company Otsuka U.S.



Steven Mandelbaum is the VP of business solutions for education consulting firm EAB

The Path Back to Business Travel is a new BTN podcast series. Check out the full conversation at www.businesstravelnews.com/podcasts

group from start to finish: how to book the reservation—because we had closed our online booking tool—how to act in the hotel, social distancing, what to do if there were no dining options available. Everyone who participated in the pilot had to fill out a [post-trip] survey: What was the comfort level? How did the hotel perform? Was everyone following the [Covid-19] procedures like masks, social distancing and keyless entry? The surveys came out very positive.

It created this framework of a training platform that we were able to use long-term and apply as we opened other areas of travel. Eventually we had the data to earn the confidence of our executive team that we could slowly get back to a normal state of travel. That systematic way of doing it made our employees feel confident and safe getting back out there.

What about your method, Steven?

Mandelbaum: We leave [the decision to travel] up to the discretion of the individual traveler. Once you've opted into the travel restart program, you decide which trips make sense and go for approval within your business unit. Generally, we trust our people to make the right decision. We [also] survey every traveler—that's mandatory now. We've never done that in the past. We aren't surveying about the suppliers, though. We want to know whether the trip was worthwhile. Like most organizations, we are trying to determine when the in-person [interaction] makes sense and when it doesn't. Almost every trip, people say they are glad they went and that they accomplished more than they would have over Zoom or something like that.

Do you see any evidence that the cessation of business travel put a cramp on your company?

Mandelbaum: Not really. But that was a non-normal time. It wasn't that everyone else was out there. Everyone was hunkered down not going anywhere. A lot of schools and campuses closed—not all but a lot. It was just an atypical period. We were very successful at serving our partners during this period, but we're into a new phase now.

Steven, you mentioned some dynamic decision-making taking place on how to expand the program. You also mentioned internal travel might open soon.

Mandelbaum: At some point we want to go back to how we traveled in the past. We may not take every trip we've taken in the past, but the use cases of travel are the same: going to see your partners, going to have internal meetings, specifically with other offices or people working remote. The framework now is whether people are comfortable, what the public health conditions look like and when can we restart some of those things.

Like right now, we are doing partner travel but just a little. But it's making a huge impact. Can we expand that to internal travel? And what are the parameters for that? How many people are OK to get together? We plan but then something happens. We thought about broad re-opening of the office but then the delta variant happened. It is hard to plan far into the future.

We talk about a lot of things and think about a lot things, but right now there's very little certainty.

"If the meeting can be virtual, by all means do it. Travel isn't mandatory and is based on individual comfort. We are still not permitted for international travel, but our domestic travel has nearly gone back to 2019 pre-pandemic levels."

Otsuka U.S.'s Danielle Amoroso

You bring up the delta variant. Danielle, have you seen any effect at this point?

Amoroso: Last week was a difficult week for us. Several weeks ago, we said that after Labor Day weekend we wanted people back in the office two or three days a week. Since then, the environment has changed, and last week our leadership team pushed back that reopening date and now it's to be determined. ... In terms of travel, we are not seeing a pullback yet. A lot of our field individuals have been traveling for months now. There's even some great info showing that it's safe to get on airplanes—vaccines are highly recommended, masks, social distancing. I'm hopeful that we will have our employees out there to get the job done.

Very few travel managers know what their organizations' volume will be going into the fall or 2022. What is the tenor of supplier conversation at this point?

Mandelbaum: Everyone knows it's unknown right now. Suppliers are asking about what we think is going to happen. But everyone is taking it with a grain of salt. If anyone walked into a supplier and said, "This is what my volume is at the end of '21 and going into '22," I think they are making it up. I wouldn't bank on it, and I certainly wouldn't put it in my sales pipeline.

Are you extending or rolling over agreements? It doesn't seem like you to roll over agreements.

Mandelbaum: Mostly we are rolling over. Those who negoti-

ate with me know I'm a bottom-line player. And it's hard to negotiate on an unknown on both sides. I don't think it's healthy for anyone, so [rolling it over] makes a lot of sense. In the meantime, there's so much leisure demand out there. I'm told the planes are full.

Danielle, Otsuka is a fascinating case for this question given your rebound of domestic U.S. travel. You may be in an enviable position in that you have some volume continuity.

Amoroso: For the upcoming year 2022, we are asking hotels to roll over rates for an additional year. We want to see a full year of traveling again under our belts. And want to see that our partnerships are beneficial to both sides. Moving forward, I am a big proponent of dynamic pricing ... as long as [the discount] is above a certain percentage. The dynamic pricing has to take special rates like AAA or member rates into consideration, even if it's just a little bit more competitive than those other special rates. Booking through our channels is about protecting our employees, so we need to see dynamic pricing as a way to stop competing with those rates. The hotels have to understand that [safety] strategy. If they are offering lower rates outside the program, it makes it more difficult to fight that fight. That's what I'm thinking beyond 2022.

As a midsize buyer, do you think you have leverage to make that ask?

Amoroso: That's why I'm wait-

ing until after this year. It's a constantly evolving situation we are in right now. So we want to look at this upcoming year and have that data to walk into negotiations for 2023.

What about a strategy for air?

Amoroso: I manage travel for Otsuka America, but we also have Europe and Otsuka Holdings in Japan. Previously, we never looked to a global footprint for airline spend. Everyone managed programs on their own. The pandemic has sort of opened our eyes to the idea of looking at airline spend globally, so that category could really change.

Has anything been re-prioritized in policy at your companies, and will things be different for travelers when they come back?

Mandelbaum: The answer is yes. But I don't know if I'm far enough along that it's fully baked. ... The amenities and things that we provide travelers might be little different, and the market has changed too. A lot of carriers have rolled out new products. The Wi-Fi models are a little different and things like that. We are waiting for some of that to settle down. I could have spent the last year changing every time something changed in the industry, but that wouldn't have been a good use of time because I didn't have any volume. We are waiting to see and then we'll have to make some decisions pretty rapidly.

Amoroso: Duty of care comes to mind first and foremost. Our previous policy mentioned it, but

“Suppliers are asking about what we think is going to happen. But everyone is taking it with a grain of salt. If anyone walked into a supplier and said, ‘This is what my volume is at the end of ’21 and going into ’22,’ I think they are making it up. I wouldn’t bank on it, and I certainly wouldn’t put it in my sales pipeline.”

EAB’s Steven Mandelbaum

it wasn't at the forefront. We've really embodied that now. Because of the pandemic, it made it visibly important to everyone else, so it was easy to get buy in. That was a big one. That filtered into specific policy changes like how chauffeured car service is now pointed out as an option for when safety is a concern. And a basic one that many companies had but we just didn't: we've limited the number of travelers on a single flight.

What have you learned through the pandemic about managing your travel program?

Amoroso: At first, we micromanaged everything about the return to travel. We were controlling from start to finish. All reservations had to be called in, you couldn't use Concur. We looked at the virus cases in the destination. But what we realized is that you can't maintain that level of micromanaging the program. You have to find other tools and put things in place to empower and inform employees so they can make the best decisions on their own. It's hard not to want to control everything and keep your people safe, but at some point they have to make the right decisions for themselves.

What are you looking forward to in the return to travel?

Mandelbaum: Like most people I'm looking forward to the end of this, but I am also looking forward to a new model. I'm looking forward to a new world and a new working environment with more collaboration and more connection than we've ever had. And, ironically, that may be with people farther apart on a daily basis. ■

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BUSINESS TRAVEL NEWS

CORPORATE TRAVEL INDEX CALCULATOR

BTN's free online tool customizes our Corporate Travel Index data for your travel program. Now includes quarterly updates and risk scores for each city.

The screenshot shows the Corporate Travel Index Calculator interface. At the top, there's a navigation bar with the BTN logo and 'Export to PDF' and 'Export to CSV' buttons. Below is the title 'CORPORATE TRAVEL INDEX CALCULATOR' and five tabs: Summary, Hotel, Car, Meal, and Risk. The Summary tab is active, showing filters for U.S. Index, Non U.S. Index, and a 'Reset Filters' button. The 'Data Partners' section lists ADVITO, DVI, Geosafe, and PRIME NUMBERS. The 'Search Cities' dropdown is open, showing a list of cities including Akron, OH, Albany, NY, Albuquerque, NM, Albany, NY, Albuquerque, NM, Allentown, PA, Anaheim, CA, Allentown, PA, Anaheim, CA, Allentown, PA, Anaheim, CA, Allentown, PA, Anaheim, CA. The 'Hotel Tier' section has checkboxes for Luxury, Upper-Upscale, Upscale, Midscale, and Economy. The 'Car Rental Class' section has checkboxes for Full Size, Intermediate, and Compact. The 'Meals' section has checkboxes for Breakfast, Lunch, and Dinner. The 'Select Quarter' dropdown is set to 2021/Q1. Below the filters, a summary row shows: All Cities Selected (dropdown), Avg Risk Score: 38, Hotel: \$133.98, Car Rental: \$46.23, Meal: \$85.47, Total Cost: \$265.68, and QoQ Change: -0.93%. Below this is a row of city performance metrics: Chicago, IL (-1.27%), Cincinnati, OH (-6.86%), Cincinnati, OH (-1.42%), Cleveland, OH (0.09%), Columbia, SC (0.71%), and Columbus, OH (-1.27%). At the bottom is a table with columns: City, Risk Score, Avg Hotel Cost Across Selected Tiers, Avg Car Rental Cost Across Selected Classes, Total Cost for Selected Meals, Total Daily Cost, and QoQ Change.

City	Risk Score	Avg Hotel Cost Across Selected Tiers	Avg Car Rental Cost Across Selected Classes	Total Cost for Selected Meals	Total Daily Cost	QoQ Change
Akron, OH	-40	\$120.79	\$46.89	\$83.79	\$251.79	0.82%
Albany, NY	-35	\$120.98	\$44.24	\$80.18	\$245.78	-2.39%
Albuquerque, NM	-35	\$108.00	\$46.28	\$88.89	\$244.27	-4.43%
Allentown, PA	-48	\$125.53	\$42.57	\$85.48	\$253.58	-2.37%
Anaheim, CA	-28	\$137.43	\$42.55	\$82.55	\$262.53	5.63%
Atlanta, GA	-43	\$132.06	\$44.30	\$80.14	\$256.50	-1.25%
Austin, TX	-34	\$124.89	\$48.58	\$88.55	\$262.02	-3.20%
Baltimore, MD	-35	\$125.50	\$43.18	\$86.54	\$255.22	-2.81%
Baltimore, MD	-49	\$127.37	\$48.48	\$82.48	\$258.33	5.49%
Boston, MA	-37	\$121.39	\$45.31	\$81.40	\$248.10	-3.11%

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Negotiating the Road Ahead—Or Not?

As the pandemic lingers, so does uncertainty. What's the best buying strategy at this point for your small- or midsize travel program?

Procuring travel as a small- or midsize enterprise even in the most stable times can be a bit of a tricky proposition. Companies of this size don't always have the scale to drive global, countrywide or chainwide deals and often must closely analyze their travel patterns and history to be able to weigh the prospect of a negotiated deal versus the utility of a supplier's standard program for SMEs.

These, of course, are not the most stable times. Companies of all sizes in the late summer of 2021 struggled with the timing and conditions of their employees' return to offices amid the stubborn Covid-19 pandemic and the blistering spread of its delta variant. Projecting workplace conditions in such an environment even a month out seems daunting, much less trying to forecast corporate travel patterns and volumes for next year.

And that's a scenario in which attempting to negotiate a volume- or share-based contract for 2022 could prove thorny, especially considering the variant could well jeopardize, for example, airlines' network expansion plans. There's enough uncertainty that some SMEs for 2022 will roll over 2021 contracts (themselves in some cases rolled over from 2020), rely on rates negotiated by their travel management companies or avail

themselves of suppliers' dedicated SME rate programs in lieu of a full-on contractual negotiation.

"Everybody thinks a corporate contract is the ideal, but it's not always," Nina & Pinta managing partner Jo Lloyd said. "For every corporate contract you have, it's a corporate contract you have to manage."

Still, that doesn't mean there aren't opportunities available for buyers willing to look for them. But doing so will require an assessment not only of future travel projections but also current plans to manage the evolving effects of the pandemic.

ASSESSING THE SITUATION

The backbone of any effort to formulate a 2022 travel procurement strategy is an analysis of an organization's stance on the pandemic. It's impossible to see too far into the future, especially given the effect of the variant, but travel buyers can at least assess their organizations' back-to-office plans and whether they will affect Covid-era travel restrictions and policies.

Redwood City, Calif.-based technology company Informatica, for example, beginning in July relaxed some travel restrictions, said global travel manager Rick Wakida, allowing exceptions for sales personnel to a pandemic policy that requires two levels of managerial approval for travel. Salespeople now need lower thresholds of approval to travel

for on sales calls, he said. That change conceptually heralded an increase in Informatica's travel volume, but the delta variant since has caused the company to scale back its 2022 travel projections, he said.

While that policy exception was not reversed due to the variant, Wakida said, return-to-office plans at several locations were paused.

Wakida said at the beginning of 2021, he'd projected travel volume at the end of the third quarter to about 25 percent of the commensurate quarter of 2019, and about 50 percent at the end of the fourth quarter. But "what the variant has done is push everything back," he said, noting that both those projections have been delayed one quarter.

The delaying effect of the variant is a common tale, said Judith Allen, president of the global corporate and energy division of travel management company Frosch International Travel, and buyers must keep the ramifications in mind.

"You need flexibility and a simplified approach to travel procurement, with flexibility probably leading that," Allen said. "Recognizing that the crystal balls were thrown out a year ago and nobody knows what the future will hold, legacy contracts that have lines in concrete about how much volume you're going to hand a vendor just

"Everybody thinks a corporate contract is the ideal, but it's not always. For every corporate contract you have, it's a corporate contract you have to manage."

**Nina & Pinta's
Jo Lloyd**

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Small- and midmarket businesses are leading the business travel recovery. As a result, airlines, hoteliers, car rental companies and travel management companies have put a higher value on that business as the industry works to catch its stride in second half of 2021. There are plenty of reasons for small- and midsize companies whose travel programs may have been non-existent or less formal in the past, to tighten their programs now as companies get back on the road.

Looking after the health of travelers during a pandemic is a singular priority, but options are also growing in terms of how to structure a program, commercial terms with TMCs and how to work with all kinds of suppliers. It may be easier now than ever to approach senior management with the case for stronger travel management; it may also be easier to get travelers on board with the idea. Join BTN's expert panel to hear about real-life experiences of getting back on the road and to get your travel management questions answered.

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CHERYL BENJAMIN

Principal
CTM Consulting



DANIELLE AMOROSO

Corporate Travel &
Expense Manager
Otsuka
Pharmaceuticals



DAN DURSKI

VP Finance
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won't be a realistic approach.”

Because of that uncertainty, Lloyd said, there's a case to be made for caution in procurement, given the all-but-impossible forecasting environment. “We're still in a place where we need to see where the chips are going to fall before you start to formulate a strategy,” she said, “so status quo seems to be the approach until everybody is really certain about what it's going to look like, and honestly I don't think that's going to be before the middle of next year.”

AIR TRAVEL

Among the unfortunate assessments some organizations must make is the state of their internal travel management team; the profession certainly wasn't spared the job losses of the pandemic. Those SME organizations that no longer employ a dedicated travel buyer quite possibly aren't as eager for a full air negotiating process. But all SME programs might want to consider extending their air deals this year, Lloyd said.

“There's a tremendous amount of speculation at the moment, and the optimal move is just to extend,” Lloyd said, noting the uncertainty both airline and buyer have for even the near future. That said, she noted, while many carriers are willing to extend this year's deals into the future, some still want to negotiate.

SMEs that do not want to attempt to craft their own air deals, or do not have sufficient volume to do so, have options too. Most major U.S. carriers offer standard business programs that include discounts, upgrades and other perks, and travel management companies often have negotiated air rates that corporate clients often can use.

“I'm seeing a little bit of a 180

back to TMCs that can provide to SME clients our own air engagement,” Frosch's Allen said. “We actively try to do that.”

Allen added she's seen some smaller organizations that have negotiated their own deals in the past forego that process for now in favor of standard airline offerings. “Where organizations may have taken the next step to a full air contract, some may be reverting a bit to SME programs, and I think that's a wise move,” she said.

Informatica already has rolled over its air contracts, Wakida said, and Lionsgate EVP and head of procurement Leon Pulosof said the media and entertainment company did likewise.

LODGING

The question of whether to extend hotel contracts, however, since the beginning of the pandemic has drawn sharply differing opinions, with some chains interested in locking in 2020 terms into 2022 and both sides struggling with visibility into future demand.

“Hotels generally are pretty happy to roll it over,” Lloyd said. “A few wanted to do something different, but ultimately rolled it over.”

Informatica one year ago decided to roll over its 2020 terms into 2021, Wakida said, and the company now is preparing to enter the request-for-proposals process for 2022 terms. He said he would consider rolling over some terms and rates again under the right circumstances.

“The key component in these rollover agreements is that the rates are extended, the services and amenities are included and don't fall off, and we want to ensure some level of pricing protection,” considering the applicability of Informatica's negotiated discount and the

state of chains' public rates in a possible future of heightened demand, he said.

Santa Monica, Calif.-based Lionsgate now is in the process of developing a hotel RFP strategy for 2022. “We know we want to have a combination of static and dynamic rates because of the uncertainty in the marketplace, with the static rates as the cap,” Pulosof said. “If we just do dynamic rates, we have nothing to provide us with any risk mitigation.” He added he was looking for clauses covering last-room availability in 2022 deals as well.

Most chains are offering rollover of static rates into 2022, and at least some discount of the best available rate, Pulosof said.

TMCS

The pandemic-triggered travel shutdown offered buyers an opportunity to consider their choice of TMC, Lloyd said, adding she's seen several RFPs to that extent. Christopherson Business Travel CEO Mike Cameron, however, said that his TMC has seen “literally no turnover during Covid,” and attributed that lack of movement at least partially to the reams of unused airline tickets many corporations held upon the initial travel shutdown, and the difficulty managing them amid a would-be agency switch. Several clients with expiring deals extended their contracts for a full three- to five-year term without issuing an RFP, he said.

Cameron said he's also noticed clients implementing stricter travel policies amid the pandemic, and he's seen companies without travel management programs, or those with Airlines Reporting Corp.-accredited Corporate Travel Departments, switch to more traditional arrangements. ■

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