IT'S TIME: TRANSFORMING MANAGED TRAVEL

As the managed travel space moves away from rigid linear paradigms, travel managers, technology companies, suppliers and TMCs are collaborating to create a new reality for corporate travel—and for corporate travelers. BY ELIZABETH WEST

Consumerization, mobile technologies, the sheer availability of data—along with the ability to share it—these are the market realities that simultaneously challenge the managed travel industry and inspire it with a broad scope of opportunity.

Mobile technologies, in particular, have enabled corporate travelers to search for travel content whenever and wherever they desire. In addition, the proliferation of mobile travel apps has given travelers access to information and services that empower them with a sense of autonomy and control over their travel ex-periences. And while empowerment is good, it has given rise to doubts about corporate travel program relevance.

The short response to these doubts has been to invoke the importance of the corporation's traveler safety and security measures; if the traveler does not book through the proper channels, there is no way for the TMC or corporation to track the traveler's whereabouts or provide them with services in an emergency. That response is entirely valid and ensuring safety and security measures are a growing piece of the travel management practice, but

it does not tell the whole story. The more complex answer is buried in the dynamics of legacy technology and distribution, in a history of cumbersome data integrations and in the behind-the-scenes economic relationships.

This white paper, produced by **The BTN Group** and sponsored by **Concur**, explores the dynamics of the managed travel industry as it reinvents the experience of managed travel for the traveler, but also as TMCs grapple with delivering the right suite of products and services to the corporation to safeguard value, visibility and accountability.

COMPLIANCE IN CRISIS

Compliance. It is the linchpin to success for a managed travel program. It is the key to collecting data that supports traveler safety initiatives and to driving more strategic relationships with preferred suppliers year over year. A corporation can set up a best-in-class travel framework, with integrated booking, payment and expense tools, preferred suppliers and strong support services with a TMC, but if they cannot drive compliance to the program, they cannot capture the data that will serve the corporation.

A 2011 report from *Business Travel News* revealed that compliance rates are declining sharply among the younger generation of business travelers (see chart, this page). Looking at the channel only, just 47 percent of transactions initiated by employees under 35 years old

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> — Mike Koetting, Concur

were compliant. While this could be explained by a lack of education and inexperience, many industry observers have commented on a crisis in compliance as restrictive legacy tools and processes clash with the mobile and social technology habits and consumer service standards that are second-nature to a new generation of business travelers (see "Serving Travel to a New Generation," far right).

Short's Travel CEO David LeCompte readily admits that 65 percent of his customers search for their business travel itineraries on consumer travel sites. "Look at Hipmunk or Kayak… the consumer sites are really good at search; it's not surprising that travelers want to use them," he says.

Scott Gillespie, on his blog *Gillespie's Guide to Travel + Procurement*, takes the next logical step. "Once they find a good flight [on a consumer site], they have to re-enter the details into their corporate tool. Newsflash—not every traveler bothers with that last step."

As consumer travel sites invest millions of dollars in the traveler experience, and begin to add such "smart" capabilities as recommendations based on destination, historic travel patterns and stored traveler profiles, the difference in capability is obvious to the business travel consumer. It is hard in most companies to argue that the current iteration of corporate travel tools are better or more efficient—at least not for the traveler.

Beyond education, there are few strong tactics for driving compliance to the preferred booking channel. Mandates are, perhaps, the default option; but the same study from *Business Travel News* showed that mandates moved the compliance needle by just a few percentage points. The use of lodge cards at the agency of record, particularly for air purchases, is an option; penalizing travelers by messaging superiors or even short reimbursement (seldom used) are others.

"For many years now, our industry has attempted to reign in the business traveler and influ-

ence the traveler to book [their trips] in a very narrow, linear way in order to capture the data," says Mike Koetting, executive vice president of supplier and TMC services for Concur. "Most corporations have struggled in this effort, and to a certain degree have been unsuccessful in driving the desired behavior. There comes a time when, rather than continuing a losing effort, you have to change the way you play the game."

AGENCY CHALLENGES: LEGACY TECH VS. INNOVATION

The "narrow" booking process to which Koetting refers is driven by legacy technologies that are built on the foundation of global distribution systems: Business travelers shop and purchase in the GDS store (i.e. the agency or corporate online booking tool); agency automation (e.g. quality control, file finishing and ticketing) is executed on the information that comes straight out of that system. When an itinerary change is required or a traveler needs emergency services, the agency accesses the passenger name record (PNR) that is stored in the GDS to service that booking.

When corporations can access the content they need through the GDS "store" and drive the desired compliance to their program, the traditional model supports them well.

"The GDS remains—and continues to be for the foreseeable future—a very efficient and attractive mechanism and content source, particularly for the travel consultant," says Koetting, but, ultimately, the consumer will decide. "They will go where they perceive they get the best value: price, amenity, booking, experience, convenience. To the degree that GDS providers innovate to create an appealing proposition to the consumer, that's the degree to which the GDS model will succeed."

GDS providers are aware of these challenges and the technology imperatives that will keep them relevant to customers.

"Having an open platform is key to our future and the changing needs of Travelport customers. Our aim is to har-

Salesforce.com
CASE IN POINT: SERVING TRAVEL TO A NEW GENERATION

As a technology company with a young employee demographic, Salesforce.com believes the onus is on the company to create a travel program that aligns with their employees' technology habits and preferences. "Our employees operate in a world that is mobile, social and open," says senior director of global travel management, Ralph Colunga. "If we want to engage them in the travel program, we have to meet them in that territory."

To do that, Salesforce.com has implemented a social strategy for managing and communicating with travelers, and it has also embarked on an initiative to transform its travel program to offer options and processes that adhere closely to consumer models, allowing travelers to book wherever they want as long as the data flows back to Salesforce.com's managed travel universe via email parsing technologies that isolate data and return it to the company's TMC to ensure traveler safety standards are intact and to capture the volume for supplier negotiations.

"It's a different flow of the data, triggered by booking directly with the supplier," says Colunga, adding that the concept also provides an enticing value proposition for the corporation. "By stripping out the GDS fees, a lot of suppliers are willing to negotiate a better deal."

Colunga admits that these technology advances are also changing the way he needs to approach Salesforce.com's relationship with its TMC. "We've had long discussions around the transaction fee model that exists today and moving to a subscription model and how that would work for all their entities," he says. "But the reality is that necessity is the mother of invention. If you are not embracing tech, you will be run over by it."

ness the best possible new ideas and creativity to make our content available to the widest possible audience," Phil Donathy, Travelport product director, wrote in an opinion piece last year about the central role the GDS provider's Universal API will play in its go-forward strategy.

Likewise, Amadeus has commissioned research about the need to drive industry transformation through open systems architecture. Herve Couturier, executive vice president of development at Amadeus, has cited the company's ability "to bring powerful new innovations to market" in the form of its Altea Customer Management System and Extreme Search. At the same time, Sabre Red greatly expanded the flexibility and functionality of the agent desktop, including the ability to manage ancillary services. All three providers have touted their interest in working with third-party technology developers to create richer functionality and a growing collection of apps—both for agents and for travelers.

Still, TMCs have initiated multitudes of customized

technology developments in the last few years in order to stand out from the pack, according to third-party technology and data suppliers.

"Customers are asking for more customization so they can remain autonomous and be able to deliver unique or highly tailored solutions as quickly as possible to their corporate clients," says Trondent Development Corporation president David Wood.

Working primarily within the confines of a GDS environment, however, does set limitations on what is possible even with customized solutions. "It can be hard to get the data out of the GDS, and the marriage of the agency community to GDS-driven processes and data can set limitations on how far we are able to go in providing true innovation," says Rock Blanco, who joined Cornerstone Information Systems in April as vice president of product innovation and marketing.

Farelogix president and CEO Jim Davidson observes that the managed travel industry is not unique in its uneven pace of transformation.

"In any industry, when you are going through a transition from mass commoditization to customization, you leave the customer with knee-jerk apps that represent intermediary steps to reaching the end goal," he says, but he emphasized that there is a cost to lingering too far behind the innovation curve.

"The customer is telling the agent, 'I want these services, where are they?' The agent can't book them, so the traveler goes on his own. It's creating a negative vibe in our industry. Customers are going to go out and get what they want, and they may not come back."

INNOVATION NOW: PROGRESS & POTENTIAL

The good news, according to Blanco, is that the opportunity for developing new data integrations and services is only getting better. "There are so many options that we have never had before," he said. "I keep telling [people] not to give me any reasons why things can't be done. I can tell you all the reasons right now that we can do them."

While data standards continue to be a challenge, email parsing, cloud computing, open APIs, XML and wide adoption of HTML5 have made it easier—and less expensive—to achieve data clarity and tool integrations, and have increased the quality and availability of web services. With these capabilities, however, it is incumbent on the managed travel industry to push beyond what is traditionally considered end-to-end travel management technology and consider a wider network of integration and services that will not only serve the corporation but also engage and support the business traveler.

"End-to-end used to be a series of three or four white-labeled solutions of booking, expense and management intelligence," offers Russ Howell, executive vice presi-

dent of global technology for BCD Travel. "As we have all matured, it's become much more sophisticated and rarely is there a 100 percent accurate roadmap that you can throw down and say, 'That's it for you, Mr. Customer.' The challenges come in [defining] requirements and establishing a real partnership between the TMC and the corporate customer. It's never easy, but it's much easier in a world of components and services than it used to be in a world of monolithic applications," says Howell.

EXPANDING SHOPPING & BOOKING OPTIONS

With a growing number of managed travelers shopping and booking business travel outside preferred channels, it's beyond time to address the issue if TMCs want to remain a relevant source of data [see "Does Credit Card Trump TMC Data?" at left].

Such companies as Short's Travel Management, Carlson Wagonlit Travel and Concur have introduced tools that would expand the search and booking parameters for managed business travelers. While it's a move that eases a massive point of friction when it comes to travelers understanding of the program, expanding search and booking outside the GDS model has put up red flags for many in the TMC community.

Short's Travel's "FindIt" is the lightest touch tool on the market meant to take advantage of popular consumer search tools, along with direct supplier websites, to broaden business travel shopping options but maintain bookings within the traditional GDS model. It allows business travelers with a profile at Short's to search any site for a flight reservation and then send that reservation via email or a "share" function to the agency for ticketing.

Asked if this approach has made Short's online booking tool irrelevant, LeCompte responded: "If consumer search tools are better, let them do it. We just want to put policy and agreements around it."

To do this, Short's has automated a tool to parse the reservation email for details and re-searches the itinerary on the Apollo GDS for availability. It then runs the itinerary

Cognizant Business Consulting
CASE IN POINT: HOTEL PROGRAM HELP

For Kathy Kaden, global travel manager for consulting firm Cognizant, the hotel program proved the weak link in the program. "A huge number of our hotel bookings are outside the agency—more than 50 percent," she reveals. "We want to capture that for a host of reasons: supplier negotiations, risk mitigation, etc. We are working with open booking to capture that data."

Asked how it works, Kaden explained that when a Cognizant employee books a hotel reservation on a supplier site, they receive a confirmation email that must then be manually forwarded to Concur for data capture and creation of the passive segment in the GDS. Given the extra step, Kaden says participation has been moderate.

"It's completely voluntary right now." she says. "What we have determined is that the technology and process is feasible, we see that it is working. The ball is in Cognizant's court to figure out how far to take it." Kaden says that the down line goal would be to mandate that every itinerary include a hotel booking, no matter where that reservation is booked. "Ultimately, being able to mandate that the hotel booking be in the record will give us all more to look at—and that's a good thing."

against policy, applies corporate discounts and captures data for tracking. If the itinerary does not match policy, alternative choices are returned to the traveler. For now, FindIt does not include hotel or car bookings—only air. But it is an elegant solution that maintains agency and corporate comfort level by completing the actual booking through the GDS, which means FindIt-initiated bookings are serviced like all other TMC bookings.

Looking to offer travelers similarly expanded options, Carlson Wagonlit announced last October its acquisition of WorldMate and introduction of CWT To Go would enable the TMC to capture data from actual bookings made outside the preferred channel—not just reservations—by parsing confirmation emails forwarded by travelers to the WorldMate tool. At the time, CWT indicated it was looking to integrate this capability into its core services, but the company seems recently to have backed away from a broad launch to its customers based on questions about the quality and timeliness of data coming from parsed emails.

Concur, however, has gone the other direction, expanding its concept to address such questions among the larger TMC and corporate market.

The company introduced its open booking concept 18 months ago, leveraging TripIt, the first itinerary management mobile app for travelers i for companies to

gain visibility into open booking data (similar to CWT's WorldMate solution). When a traveler receives a booking confirmation from the supplier site, the traveler forwards the confirmation to TripIt for parsing and data capture. The captured data is integrated into the comprehensive reporting package, or, in Concur's case, it can be fed to a TMC partner to include in its own reporting.

Concur executives said the company's recent acquisition of GDSx "bolstered the company's capability around open booking." In August, it announced Concur TripLink, a suite of solutions for corporate customers and TMCs to capture bookings and control program leakage. Concur combined its own open booking product with recently acquired technology from GDSx to provide corporate customers, TMCs and suppliers with new visibility across itineraries, regardless of how the booking originated.

Still, with TripLink processes deviating from the traditional GDS booking path, TMCs may continue to signal concern, particularly when it comes to servicing off-channel bookings.

"We have been very focused on giving corporate customers and TMCs the ability to manage itineraries no matter where they are booked, and the TripLink product is the most complete answer in the industry to that challenge," says Koetting. "More specifically, this means Concur will create passive segments when necessary to service the booking; we'll enable Cornerstone's ResMarker Connect agent tool to integrate with TripLink and we'll continue to pursue other opportunities to display TripLink reservations on the agent desktop."

SERVING THE TRAVELER ENROUTE

The effort to be consumer-friendly within the managed space does not end with expanding the options for shopping and booking. April Bridgeman, senior vice president for BCD Travel and managing director for Ad-

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vito, has pushed the industry to recognize the importance of embracing mobile travel apps that would allow TMCs and corporations to reach deeper into the trip lifecycle and influence travelers while they are on the road. While corporate adoption has been slower than hoped, she says, the vision is becoming a reality for BCD and their clients.

"Five years ago, we were introducing concepts, but today it is the way we do business," says Bridgeman. "At BCD Travel, we view ourselves as integrators. We bring new solutions and evolve our current solutions and operational tools through third parties or data integrations. We have to in order to evolve our clients' programs."

The web of traveler services that BCD enables for its clients can include such basic services as flight delay and cancellation alerts (delivered faster than updates from the airlines) to very sophisticated mobile policy communications that support traveler decision-making on the fly by using itinerary information and location-based technologies to deliver relevant information in real time. As costs continue to fall for such tools, more TMCs and corporations will have the resources necessary to take advantage.

Concur is in the natal stages of enabling a collection of tools that would help to democratize such technologies for a larger TMC audience. "With the right infrastructure and resources, a TMC can go out and buy the individual pieces of a tech stack, but it is more difficult for them individually to bring a true mobile or social experience to their service delivery," says Tim MacDonald, Concur's executive vice president of platform and data services. "We think we can build and deliver an integrated/open platform for them, so they can import, service and monetize bookings made both inside and outside their channel, and deliver a truly integrated mobile experience that takes advantage of applications built by third parties."

The vision, according to MacDonald, is to pull hundreds of third-party apps into the Concur cloud that TMCs could easily switch on or off for their clients—according to program requirements. Ultimately, the apps in the cloud would also share data that would al-

low them to "talk" to one another, such that a car service and hotel, for example, would be notified if a flight is arriving late and could adjust a pick time or room reservation accordingly. Add itinerary-based information delivery, and the traveler could also be advised upon landing at the airport where to go to meet their waiting car.

"We have a lot more work to do in securing participation of members in our travel ecosystem," says Koetting. "But in the future, we should see more suppliers, more TMCs actively integrated, more duty of care providers actively integrated—and we will need that in order to enable the vision."

CUSTOMIZING THE TRAVELER EXPERIENCE

Indeed, vision for what is possible is permeating the managed travel space. Grasp Technologies has set its sights on data-driven innovations that could assist in giving travel managers a deeper understanding of their travelers and making them better able to tailor individualized services or recommendations based on actual data analysis. Consider the wow-factor of providing corporate clients with Amazon.com-style recommendations personalized at the level of the traveler, but that also fall within the policy and preferred supplier parameters of the company's managed program.

"That's where we see a huge area of opportunity," said Erik Mueller, founder and president of Grasp. "Different travelers in different stages of their career need different things when they travel. Corporations gloss over it sometimes with surveys and things like that. If you look at people's choices based on gender, age, region, job role, you can merge that with travel patterns and get some really valuable information for tailoring policy and services."

In combination with Concur's ecosystem of travel apps and services: The result could be a menu of services provided at the TMC level that could be activated for clients to apply at the traveler level. That's a

TMC REVENUE STREAMS: THE REAL COST OF CHANGE

Like companies in any industry, TMCs face steep operational impediments to change. It is a daunting proposition to acquire or build technologies, integrate new systems and retrain agents in multiple countries, multiple languages and with all kinds of local vagaries. Building the business case for that level of change is difficult. Perhaps the most difficult changes to make, however less discussed, are not centered in the operations, but in the economic relationships that TMCs have with suppliers.

Industry initiatives that embrace consumer-oriented strategies have the ability to change the nature and source of TMC revenues. Most TMCs do well if they break even on their operating costs with the fees charged to clients. Overhead and profit comes often from suppliers—from commissions, overrides and GDS segment fees. If transactions move out of the GDS channel, those revenues are at risk.

As the market pressures TMCs to embrace new technologies, it could be pressuring them to change their fundamental business models. Diminished supplier revenues could require them to increase their fees and move towards pricing based on customer service and away from transaction processing.

It's not an unprecedented situation. Business models had to change when airlines cut commissions. TMCs were able to evolve to a different financial model, but it may have been easier because it was very public: All TMCs were having the same conversation with their clients at the same time.

Today's technology advances are pushing a different dynamic for change: TMCs have a choice about when, how or even if they will adapt. There's no safety in numbers as TMCs move relationships and processes toward consumerized models, but with the right service innovations the rewards for early adopters could be great. And every TMC will have to determine at what point refusing to adapt is even riskier than embracing change.

powerful goal, and multiple industry innovators have an eye on it. That's good, because progressive travel managers report that individualized services are ultimately what corporate travelers are demanding, and what corporations are working toward. They will need support from their partners to do it.

"Customizing the travel experience for different travelers—most programs do not do a good job of this," says Koetting. "As an industry, we need to be able to deliver it."

DATA INTEGRATION & COLLABORATION: THE ULTIMATE ENABLERS

As in the consumer world, clean data capture and integration is the key to delivering unique technologies and services to the managed travel market, and customizing

TMC PERSPECTIVE: OPTIMISM & OPPORTUNITY
April Bridgeman, BCD Travel SVP & Advito Managing Director

"I'm really optimistic about the level of innovation happening in TMCs right now. That innovation raises the level of travel program management. There are so many emerging practices in managed travel—we can engage with travelers, we can arm them with the information they need to make better purchasing decisions on the road, but we can also take advantage of the fact that they are willing to contribute to the knowledge of the crowd. I'm thrilled about that aspect, in particular, because travelers have a lot of knowledge. Companies can encourage travelers to share that knowledge to improve program performance.

"I'm also very intrigued by the application of big analytics...what suppliers are doing with big data will drive the personal, relevant, contextual and optimized travel shopping and buying experience we've been waiting for and they are also using it to improve their operations which will result in higher traveler satisfaction and productivity."

them to meet the expectations of a new generation.

"It's all about the data—it's really behind all of the innovation we see in this market. That's why Big Data is such a hot topic," says Cornerstone's Rock Blanco. Technology partners throughout the industry are eager to forge collaborations with their peers, and they see a lot of opportunity around the corner as the locus of power shifts in many potential supplier partners, TMCs and corporations.

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Trodent's David Wood: "As millennials are coming of age and getting into decision-making roles, I think we are on the cusp of seeing the next big wave of innovation."

Blanco agrees. "I have a prediction about the next generation that is soon going to be filling all those strategic management, decision-making positions," he says. "They will laugh at the work-arounds we are forced into due to lack of data standards, and I am looking forward to that."

Grasp's Mueller underscores that position on standards and what it means for innovation opportunities in the managed travel space.

"Right now things are so isolated. If everyone will open their doors and provide APIs to accessing their data, it becomes so much more fluid and offers more visibility," he says. "The more people open doors to integrating, I think it exponentially creates opportunities for everyone to succeed. The people who figure that out and do it well will fuel the future of this industry." ∎

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