

Travel Management Priorities for 2014

January 2014



Notes:

- All dollars in this publication denote U.S. dollars unless otherwise stipulated.
- "Travel manager" and "travel buyer" are used interchangeably to refer to any manager from any department responsible for all or part of the business travel program.

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Executive summary

More collaboration, increasingly powerful data and a greater focus on travelers: these three themes sum up travel managers' plans for 2014, according to CWT's annual survey on travel management priorities. While savings remain the major objective, the traveler experience is also clearly top of mind as technology and data offer new opportunities for tailored, user-friendly services that support the travel program. Given the range of available solutions and their ability to integrate multiple functions, travel teams will naturally reach out to colleagues across their organizations to find ways to serve employees better and more efficiently, while keeping them safe on the road.

Top priorities for travel managers in 2014

Looking forward to 2014, would you rate the following as low, medium or high priorities for your company?



Source: CWT Travel Management Institute
Based on an online survey of 970 travel managers worldwide (November 2013)

When the global results are broken down by region, a number of differences appear in the order of priorities, although all regions agree on their top concern: **finding innovative ways to generate savings**. As business travel and prices grow in 2014, companies with mature travel programs will be looking to exploit opportunities for incremental savings, as well as bring new areas into the scope of the program. Opportunities include, for example, automated airfare tracking and rebooking, negotiated point-of-origin pricing, door-to-door travel booking and strategic meetings management. (See Pages 12-15.)





Known to be an effective way to reduce costs, **driving growth in online adoption** will also help to provide travelers with the convenient, 24/7 self-service booking environment they now expect. New online booking tools such as *CWT Online* powered by KDS offer a great leap in service thanks to features including total trip view (showing end-to-end costs, travel options, trip duration and carbon emissions), geolocalized information and mobile access. Meanwhile, travel managers continue to benefit from the proven OBT benefits of improved transaction costs, lower average ticket prices and increased compliance. For best results, companies will monitor the available technology solutions and their fit with evolving user expectations. They will also keep an eye on key performance indicators and regularly review policy settings to help travelers make smart decisions. (See Pages 16-21.)

OBT use is a key element of **optimizing end-to-end travel processes**, which incorporate every stage of trip management from pre-trip planning and on-the-go support to post-trip expense reporting, traveler feedback and program analysis. The area gaining the most traction, however, is integrated expense management as companies adopt automated systems. The benefits include improved data consolidation, increased policy compliance, a reduced risk of fraud and a better user experience, as well as significant savings (e.g., 20-25 percent cheaper expense report costs when suppliers bundle expense management and corporate card solutions¹). Other key elements that enable optimization are centralized traveler profiles and dynamic automated messaging at different stages of the travel process. (See Pages 22-25.)



Further
promote
the travel
program



In addition to automated messaging being pushed to travelers, two-way social media communications are being increasingly adopted by companies for **further promoting the travel program**. While only 11 percent of travel managers are using social media to listen to feedback, encouraging travelers to share tips and sharing program information, around 50 percent are considering doing so. A moderate proportion of travel managers (15 percent) are also keen to try "gamifying" the travel process to boost compliance, and more may follow. (A full 43 percent are unsure what game techniques imply, indicating an untapped opportunity.) A variety of incentives can be given by introducing a game element such as friendly competition, recognition and rewards. (See Pages 26-31.)

Redesigning the travel policy is a constant work in progress for travel managers, but they will be helped this year by the arrival of Big Data solutions. By crunching the numbers from a variety of sources, CWT enables companies to drill down to the level of individual travelers and identify policy items that could be changed to improve traveler productivity (*CWT Travel Stress Index*) or better adapt to the needs of specific traveler profiles. In addition, companies are placing more focus on: limiting same-day trips or the number of trips to regular destinations to maximize return on investment; integrating guidelines on ancillary spend, expense claims and the use of social media and mobile devices/apps; pointing out the company's environmental policy; and more generally underlining travelers' responsibilities in contributing to the success of the travel program. (See Pages 32-35.)



¹ *Business Traveler Services: Finding the Right Fit*, CWT Travel Management Institute (2011)



Mobile technology still offers huge untapped potential for managed travel, as recognized by travel managers planning on **developing a mobile strategy** in 2014, considering this an integral part of their travel management best practices. The *CWT To Go™* app, for example, currently provides companies with data on bookings made outside the preferred channels and soon will enable travelers to book hotels. Not all mobile apps and services support the program, however, making it important to offer guidelines. TMC mobile services (apps and SMSs) are proving invaluable for communicating timely information to travelers, both day-to-day and during emergencies. A number of developments are expected on the supplier side too, including more near-field communication services, mobile payment and expense management apps. (See Pages 36-41.)

Travel managers will also be **reinforcing corporate social responsibility**, a concern that is becoming more important on company agendas in response to changing stakeholder expectations and stricter regulation. CSR potentially covers a vast scope in business travel and all kinds of responsible criteria are now being considered during supplier selection. CWT's tips for 2014 include: clarifying the policy and providing travelers with practical advice to boost safety while traveling; encouraging managers to consider travel stress and carbon emissions when planning meetings, selecting locations and designing events; and ensuring appropriate oversight for M&E programs so that all spend is validated and accounted for. (See Pages 42-44.)



Finally, this report outlines key **market moves** to watch, including for example a fast-growing low-cost carrier offering in Asia Pacific, IATA's new distribution capability, and a more mature strategic meetings management sector. **Good news for travelers** may come in the form of an end to roaming fees in the EU, a constantly growing high-speed rail offering, more opportunities to use electronic devices during takeoff and landing, and more... In short, 2014 promises to bring interesting developments for all. (See Pages 46-51.)

Introduction

From travel managers to *traveler* managers: collaboration will be key

Are travel managers becoming *traveler* managers? Savings remain top of their list of priorities according to CWT’s annual survey, but close behind are goals firmly tied to traveler behavior and the traveler experience: driving growth in online adoption, optimizing processes, promoting the program and redesigning policy around their needs.

As technology is changing travelers’ expectations, it is opening up new possibilities for understanding increasingly specific user profiles and tailoring every aspect of service across the value chain—from policy guidelines, booking and on-the-road communications to post-trip expense reporting. Big Data is available, mobile apps are proliferating and social networks are providing opportunities to service corporate travelers like never before. At the same time security requirements remain in sharp focus—to protect not only employees on the road but also the information carried on their devices.

Certainly, the travel manager’s role is covering an ever-wider range of topics and skills. It is only natural for this role to become more collaborative too, with travel buyers reaching out to their colleagues in nearly every department—HR, IT, communications, finance, security and corporate social responsibility—to enlist, or offer, their help. One client (Pages 39-41) said, “It takes a village”—a committed community of stakeholders working together to develop new services, communicate effectively and keep travelers safe. This theme of concerted effort was underlined by all the clients interviewed for this publication.

Travel Management Priorities for 2014 explores the seven priorities identified in the CWT survey, focusing in particular on timely trends, tips and concrete examples to help travel managers achieve their objectives.

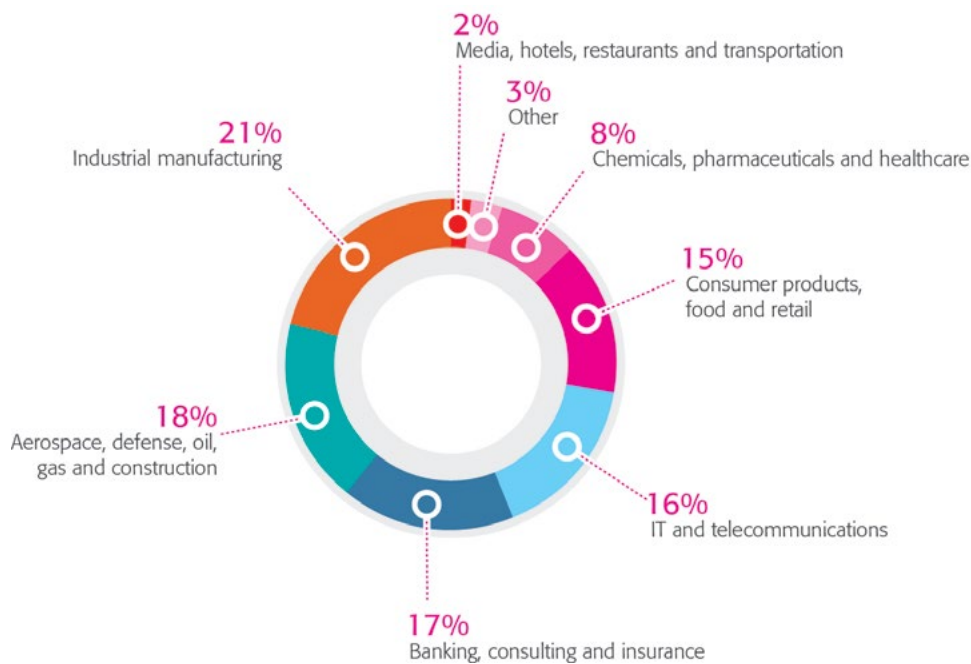
Travel managers’ priorities for 2014

Looking forward to 2014, would you rate the following as low, medium or high priorities for your company?



Source: CWT Travel Management Institute
Based on an online survey of 970 travel managers worldwide (November 2013)

Breakdown of respondents by sector



Source: CWT Travel Management Institute
Based on an online survey of 970 travel managers worldwide (November 2013)

Travel management priorities by respondents' scope of responsibility

Several differences were noted between regions (based on the scope of travel managers' responsibilities):



Europe, Middle East and Africa

- ▼ Travel managers placing the least importance on mobile strategy (21 percent of respondents)



Latin America

- ▲ Travel managers most focused on optimizing end-to-end travel processes (76 percent of respondents) and finding innovative ways to generate savings (80 percent)
- ▼ but least focused on further promoting the travel program (42 percent)



North America

- ▲ Regional travel managers keenest to raise program visibility (62 percent of travel managers)
- ▼ but least interested in optimizing end-to-end travel processes (43 percent) and redesigning travel policy (31 percent)



Asia Pacific

- ▲ Travel managers making a top priority of innovating to generate savings (73 percent of travel managers), followed by optimizing end-to-end travel processes (63 percent)

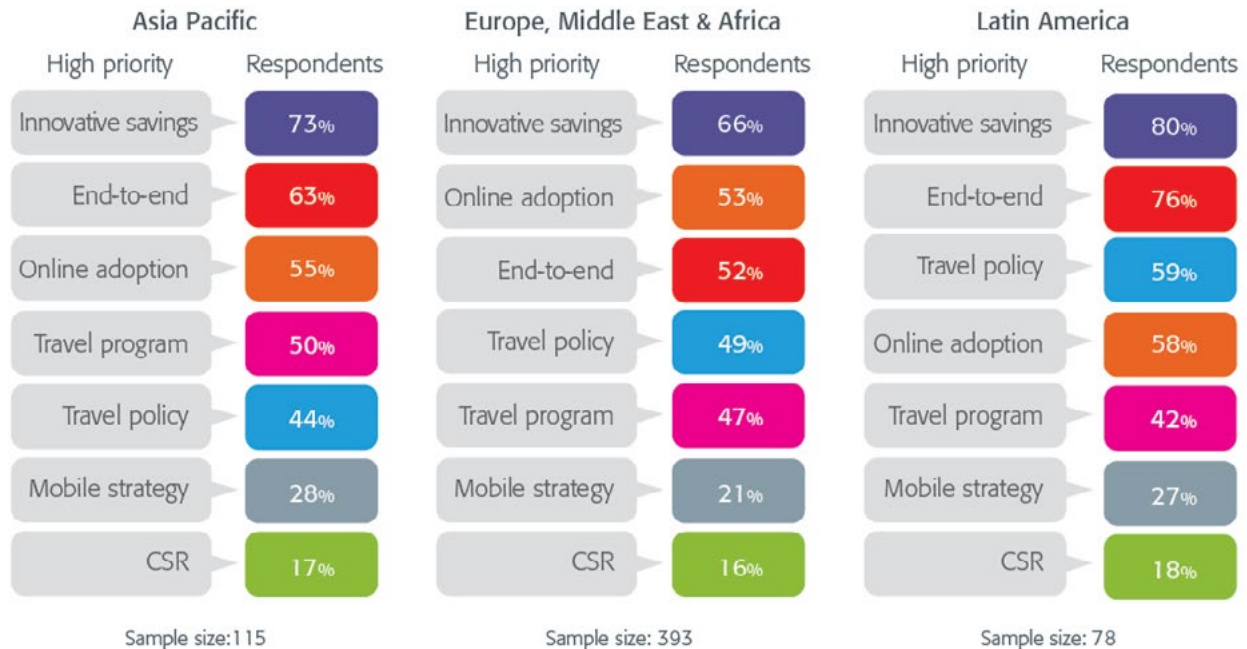


Global travel managers

- ▲ More focused than other respondents on developing a mobile strategy and driving growth in online adoption (38 percent and 65 percent of respondents respectively)

Travel management priorities by respondents' scope of responsibility

Looking forward to 2014, would you rate the following as low, medium or high priorities for your company?



Note: Regional results include country/regional travel managers.

Source: CWT Travel Management Institute
Based on an online survey of 970 travel managers worldwide (November 2013)



Find innovative ways to generate savings

The number 1 priority for travel managers in 2014 will be finding innovative ways to generate savings, with 70 percent planning to focus on this target.

Savings above all, but how?

Savings have long been at the top of travel buyers' agendas, and in 2014 they will face the familiar scenario of trying to contain costs against a backdrop of rising prices and renewed growth in global business travel. For those who have mature travel programs with all the key components in place—consolidated data, preferred suppliers, a global policy and compliance measures—the key will be exploiting opportunities to make incremental savings, as well as bringing new areas into the scope of travel management.

Exploiting opportunities to make incremental savings

Companies can work with their travel management partners to apply data and sourcing expertise to new areas. For example:

- ▶ **Tracking airfares and rebooking.** Given the ever-more complex airline pricing environment, CWT has introduced a solution in partnership with Yapta to help clients optimize fares even after ticketing. *CWT Fare Tracking* combines a technology that monitors fluctuating travel prices with a process of rebooking fares when savings can be made. (See the case study on Page 15.) This solution is currently available in the U.S. and soon may be to clients worldwide. CWT is also piloting similar technology for hotel bookings.
- ▶ **TMC mobile solutions like *CWT To Go™* helps to reduce leakage.** This app provides companies with data on bookings made outside the preferred channels and soon will enable travelers to book hotels.
- ▶ **Negotiating ancillary/amenity and change/cancellation fees.** For example, airfare negotiations can take into account an estimate of the total cost of such fees on a company's top routes to highlight competitive gaps between carriers. On domestic routes in particular, the different change/cancellation fees can vary widely, with net fares representing a smaller proportion of total air ticket costs than before. Being armed with this information can generate valuable savings when airlines offer to reduce or waive certain fees.
- ▶ **Tracking fuel surcharges.** With the help of their travel management company, companies can also compare the evolution of airline fuel costs and surcharges globally to highlight any major discrepancies during airline negotiations.

- ▶ **Negotiating point-of-origin pricing.** Increasingly, airlines are willing to offer pricing based on the traveler's point of origin rather than the point of ticketing, which can produce savings of several percentage points. To benefit, companies need to demonstrate a large enough volume on the relevant routes. In the United States, for example, point-of-origin offers are quite common among companies with accounts of over \$100 million. On the other hand, airlines in Asia Pacific tend to be more reluctant to discuss these deals.
- ▶ **Focusing on different aspects of the program and using new tools when communicating with travelers.** *CWT Program Messenger*, for example, can be used to communicate the importance of collecting VAT-compliant invoices at hotel checkouts (e.g., applying the correct rates and being addressed to the traveler's company rather than their personal address).

Bringing new areas into the scope of the travel program

With technology changing travelers' expectations and the range of available solutions, the scope of travel management is expanding beyond the traditional air hotel, rail and car rental sourcing. More and more, teams from across the organization (HR, IT, communications, finance, security, corporate social responsibility, etc.) are collaborating with travel buyers and even leading projects that intersect with travel management. To design and execute plans, the travel management company can provide valuable support. In particular, TMC program managers can serve as an intermediary between different teams.

Travel buyers are looking beyond air, hotel, rail and car rental sourcing to integrate new areas into the program:

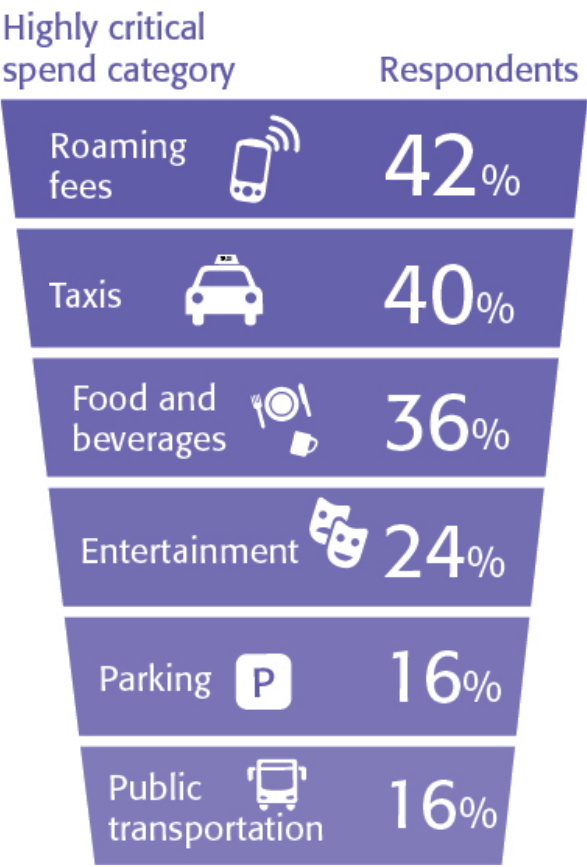
- ▶ **Door-to-door travel.** Increasingly, online booking tool technologies will help companies further tackle ground transportation and include taxis and public transportation in their programs. (Up until now, few have addressed this opportunity, according to a recent CWT survey.²) These can be integrated into detailed door-to-door itineraries using the latest online booking tools, such as *CWT Online* powered by KDS that shows not only costs but also the potential tradeoffs in terms of time, convenience and environmental impact.
- ▶ **Roaming fees.** With mobile phone use increasing, it is no surprise that many travel managers (42 percent) consider tackling roaming fees to be critical to generating additional savings. Operators in various countries are reducing roaming fees, sometimes quite drastically—for example, China Mobile announced a 50 percent cut last July for roaming data traffic, while Bell also halved its U.S. data, voice and text roaming plans for Canadian travelers. Expected new regulation should also ease costs for European travelers outside their home countries in Europe (see Page 51), but elsewhere the issue remains.
- ▶ **Integrated travel and expense management.** Improvements in T&E management can bring considerable cost savings while increasing policy compliance and reducing fraud. Companies generally tackle three main areas—policy, processes and systems—to produce significant savings (e.g., 30-40 percent when an automated expense management system is introduced).
- ▶ **Strategic meetings management.** More and more travel managers are becoming *travel and meetings* managers as companies recognize the massive benefits of professionalizing their approach to meetings and events. A CWT report³ estimated that 0.5-1.5 percent of corporate revenues are spent on M&E, or about 35-60 percent of the amount spent separately on business travel. Applying best practices can bring 10-25 percent savings on M&E spend while increasing return on investment.

² *Mastering the Maze: A Practical Guide to Air and Ground Savings*, CWT Travel Management Institute (2012)

³ *Meetings and Events: Where Savings Meet Success*, CWT Travel Management Institute (2010)

Secondary sources of savings

Going beyond the three main categories of spend (air, hotel and ground), how critical are the following to generating additional savings?



Source: CWT Travel Management Institute
Based on an online survey of 970 travel managers worldwide (November 2013)

The areas mentioned are just some of those being targeted for savings. The CWT survey has identified other savings-focused areas of the program that will be priorities for companies in 2014, especially driving growth in online adoption (see Pages 16-21), optimizing end-to-end travel processes (Pages 22-25), further promoting the travel program (Pages 26-31), redesigning the travel policy (Pages 32-35) and developing a mobile strategy (Pages 36-41). Travel managers’ seventh priority, reinforcing corporate social responsibility, can also bring softer savings or generate business growth when the value of brand risk management is taken into account (Pages 42-44).

CWT Fare Tracking: a proven way to make incremental savings

Powered by Yapta's *FareIQ* technology, *CWT Fare Tracking* is a new airfare tracking and rebooking solution that, once activated, enables companies to make net savings without any further action on their part. As fluctuating airfares make it difficult to know with certainty when to book for the best deals, travelers can "book it and forget it," knowing CWT will rebook a better fare if one is available later on.

How it works

CWT Fare Tracking technology monitors and flags potential savings opportunities trip by trip based on potential reticketing. Alerted CWT counselors then rebook only if net savings are possible, taking into account change fees and whether the new option is in line with the company's travel policy. Travelers keep the same airline, travel dates and departure times, while their companies pay a lower price, as detailed in monthly savings reports.

Proven savings

Before launching the service in the United States in November 2013, CWT conducted a pilot with three clients over the course of about a year. The average net savings ranged between \$93 and \$641 per reticketed trip, influenced by each client's specific program and policy:

- ▶ **The highest per-ticket savings** were made by a company with mainly international travelers taking elite/business class to a wide variety of destinations, and a high average ticket price.
- ▶ **The lowest per-ticket savings** were made by a company whose travelers took mostly non-refundable economy-class tickets to a smaller number of cities. CWT also found that the "alert-to-reticketing" conversion rate was highest when agents were authorized to book lower fare opportunities without first consulting the traveler. (For this reason, *CWT Fare Tracking* offers systematic rebooking without prior consultation.)
- ▶ **Savings reached close to 1 percent of total air spend** due to reticketing opportunities being identified on about 10 percent of transactions and up to 40 percent of those being reticketed.

CWT Fare Tracking





Drive growth in online adoption

Fifty-five percent of respondents say that optimizing online adoption will be a high priority in 2014.

A push from both travel managers and travelers

Companies tend to accelerate their online usage plans when under greatest pressure to reduce costs, as has been the case in recent years. Travelers too are contributing to the push for convenient, easy-to-use online booking tools in an increasingly self-service environment. In 2013, the countries with the highest growth in online adoption were Brazil and China, according to CWT data. While adoption still varies between regions, the gaps are gradually closing.

Well-known benefits

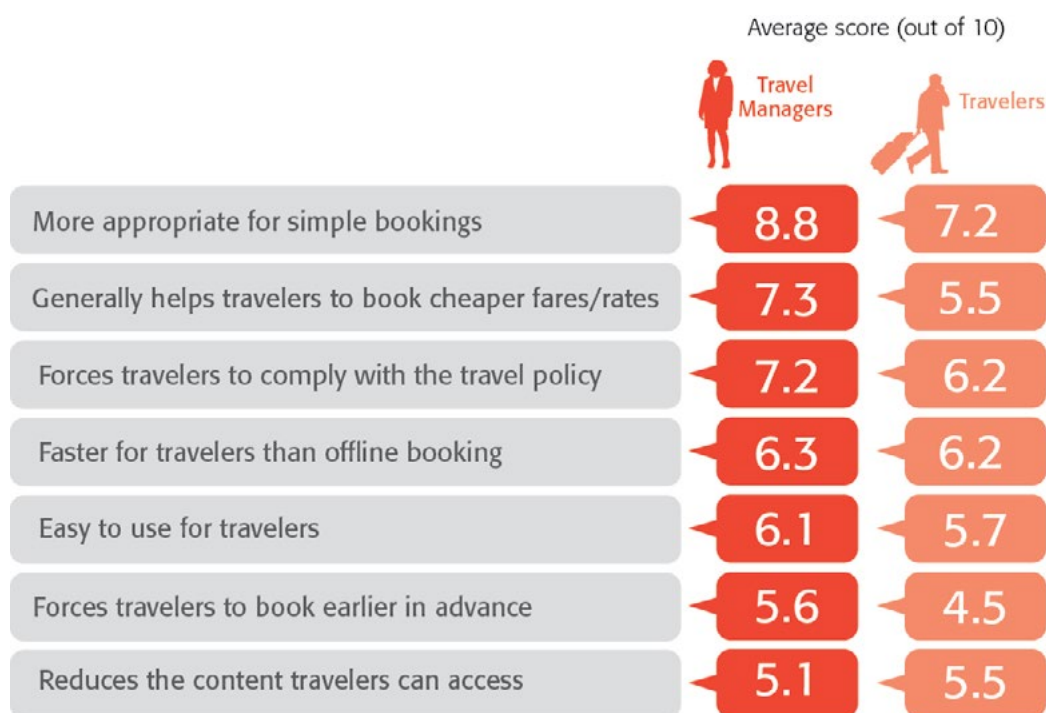
Nowadays the benefits of online booking tools are widely acknowledged by travel buyers and bookers. These include:

- ▶ **Lower transaction costs**, which typically represent 3-5 percent of total travel spend.
- ▶ **Lower average ticket prices**, due to travelers' "visual guilt" when picking options that appear among the most expensive displayed on the screen. CWT research⁴ indicates that the ATP is on average 5 percent lower when travelers use an OBT instead of contacting a travel counselor, and combined savings can sometimes reach 15 percent from airfares and booking fees.
- ▶ **Improved compliance**. CWT research⁵ also shows that companies have higher levels of compliance when they deploy OBTs.
- ▶ **A more efficient, faster and convenient booking process**, available to travelers 24/7.

⁴ *Toward Excellence in Online Booking*, CWT Travel Management Institute (2006)

⁵ *Playing by the Rules: Optimizing Travel Policy and Compliance*, CWT Travel Management Institute (2008)

Travel managers and travelers acknowledge a wide range of OBT benefits



Source: CWT Travel Management Institute
Based on a survey of travelers (2,106 responses) and travel managers (110 responses), 2011

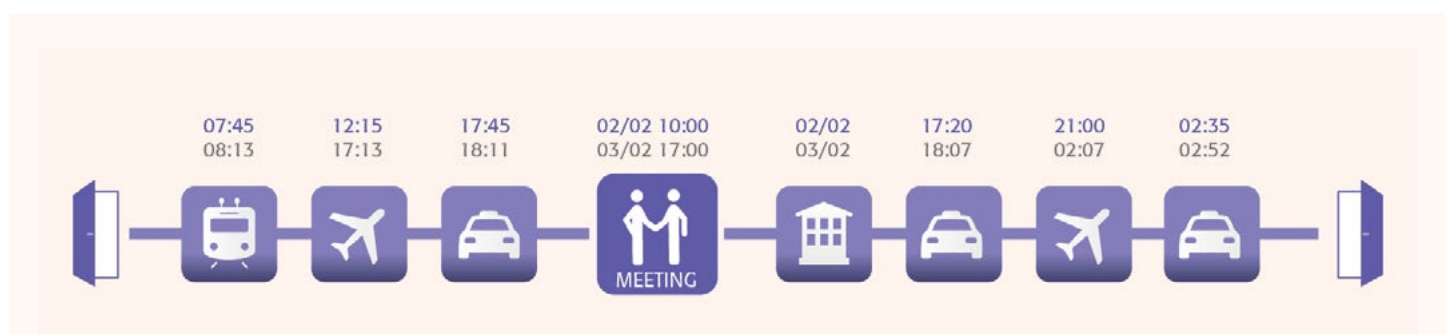
A clear evolution in OBT technology

Innovative technology is redefining the way business travelers approach online booking as the latest generation of OBTs enable travelers to plan their door-to-door itinerary in just a few clicks. *CWT Online* powered by KDS, one of the first TMC offerings of this kind, integrates exclusive features from KDS Neo, which is the first truly door-to-door booking solution. With this tool, travelers access not only air, hotel and car options, but also information and recommendations on ground transportation, meals and other expenses.

The benefits and features of this door-to-door technology include:

- ▶ **Total trip view.** Travelers and travel managers get an overview of end-to-end costs, transportation options, timing and carbon emissions before a trip is booked, helping the planning and approval process.
- ▶ **Simple, flexible and easy to use.** This tool provides travelers with more visibility and complete flexibility to book and make changes at every step of a journey.
- ▶ **Geolocalization.** The system can propose information based on the traveler's current location and provide street views of destination addresses with directions.
- ▶ **Mobile-friendly.** *CWT Online* powered by KDS can be accessed on different smartphones and tablets.

CWT Online powered by KDS enables door-to-door online booking

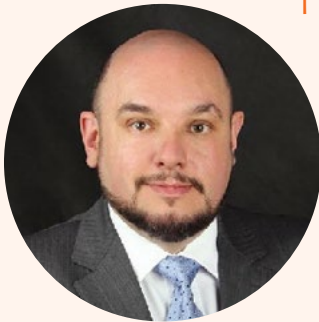


Tips

Companies wishing to increase online adoption can:

- ▶ **Understand the drivers of online adoption**, which include not only economic pressure and traveler demand but also a suitable corporate culture (typically self-enabling, process-focused and accepting of mandates), appropriate travel patterns (with a high proportion of “simple” point-to-point bookings) and managerial buy-in.
- ▶ **Regularly review policy settings** to help travelers make smart decisions (e.g., accepting a flight that costs \$100 more if it avoids an overnight stay or a four-hour connection).
- ▶ **Keep up momentum** through regular communications and training on OBT features and benefits.
- ▶ **Measure and communicate key performance indicators** on OBT usage (e.g., the percentage of eligible bookings).
- ▶ **Monitor new technology and user expectations, and switch OBTs if necessary** to ensure an optimal fit with travelers’ evolving needs.
- ▶ **Integrate OBTs with other management technology**, especially expense management and accounting systems, to ensure a better traveler experience.

CA Technologies: taking travelers “behind the OBT screen” in Latin America



How best to convince travelers of the benefits of an online booking tool? By listening to them, answering their questions face-to-face, explaining the rationale and demonstrating the latest features—then repeating the process, according to Paulo Campana, Procurement Director, Latin America, for global software company CA Technologies. In this interview, Mr. Campana shares his experience of taking travelers “behind the OBT screen.”

CWT: Online adoption is a high priority for you in Latin America. Can you explain why?

Paulo Campana: Yes. Previously CA Technologies worked for 15-16 years with a small agency here in Brazil to coordinate our travel in Latin America. There was a very intimate connection between the user and the travel agent: when a traveler called to make a reservation, the person on the other end of the line knew their name and even asked about their children. Switching to an online booking tool meant changing the mentality of our users, asking them to manage their own travel. That was a challenge. We’ve had to make an extra effort to ensure that people will use the system and follow the rules. For four years now, we’ve been fighting every single day to engage people in this mentality.

CWT: How successful have you been in changing the culture? Are you nearing the kind of online adoption you’d like?

Paulo Campana: We’ve made a lot of progress: when we launched the system we started with 45-50 percent adoption, and we’re now close to 70 percent. We’re not yet where we’d like to be, which is close to 90 percent. I know it’s very ambitious, but that’s my definition of goals—otherwise they’re simply metrics. Of course it’s a never-ending task, reminding people of the benefits and getting them to move outside their comfort zone in terms of organizing their own travel. We’re going to keep pursuing this challenge.

CWT: Tell us about your OBT set-up in Latin America.

Paulo Campana: We have approximately 550 users in seven countries in the region. Through CWT, we are continually negotiating with the major airlines in Latin America to get better rates, and we’re working with hotels. To give you an idea, two years ago, only 13 hotels in the entire region were booked through the system, but now we have more than 63. We’re working to bring travelers more options so they can find what they really need. We also have the possibility of car rental through the global CA Technologies program, but the two main packages we concentrate on are air tickets and hotels.

CWT: What are your plans for the OBT in 2014?

Paulo Campana: First we’re concentrating on getting the system well established and capturing the right rates. We have a process that ensures we’re making the right choices, with alerts. Our use of best available fares is 68-70 percent on average so we have a good grip on this, but we also have room to improve. We’re a company that runs its business based on customer demand, with people in the field traveling to support customers. In Latin America, our agendas are not planned much ahead of time, so we need to be very smart and focused to get better rates and control our travel costs.



CWT: Would you say your main objective is making sure people get the best rates?

Paulo Campana: When people make reservations through the OBT, we're ensuring not only that they're getting fair prices and security, but also that they're doing things in accordance with policy because they're receiving the necessary alerts. So we're putting them in a safe environment that contributes to both cost control and logistical optimization.

CWT: Do you see any differences in behavior between countries in the region?

Paulo Campana: This is a very polite question: you're asking me if we have undisciplined countries! Yes, we do. Of course, the vast majority of people are concentrated in Brazil: close to 300 of our 550 Latin American users. In terms of sales, Brazil represents about 70 percent of our operations so our attention is focused here. But from time to time we have very good results in other countries. For instance, three years ago, we had very low adoption in Argentina so we made a concerted effort with our regional CWT program manager and got very good results. Generally speaking, all our countries are willing to use the OBT once we prove to them that it's a good tool and that it's not going to waste travelers' time.

CWT: And how do you do that? Do you have a document you send out or training sessions?

Paulo Campana: Training sessions. Through the years, we've discovered that if you simply send people a document, they tend not to read it. So we try to hold interactive group sessions in each of the countries, presenting very objectively how the OBT can be beneficial, through live transactions. We also demonstrate *CWT To Go™* on mobile devices to show how this can be fantastic: if you're on your way to the airport and you have a change of gate, you get a warning, and so on. When you show that sort of thing to people, they realize the added value that the product and the system can offer. The only way is eye-to-eye contact: it's more expensive and time consuming, but it's definitely more effective.

CWT: Do you do the training personally or do you have a team for that?

Paulo Campana: Up to now, I've done it personally in Argentina, Mexico, Peru and here in Brazil, but we're now training so-called "multipliers," who go to smaller groups to reinforce the concept. It's been a privilege to work on the first round of training, because I wanted to understand what sort of "nose" people have for the system and why they might avoid using it. It's been very instructive for identifying the approach we need to take.

CWT: Is there anything you've found surprising?

Paulo Campana: People tend to compare the system with supplier or aggregator websites, so their most common question is, "Why does the OBT show a higher price?" The first thing we explain is that the OBT does not set prices but simply shows the prices offered by suppliers. Second, B2B and B2C prices are not comparable: we can't simply go onto American Airlines' site and compare their fare with ours. When we explain the added value with all the efficiency, the tracking and the security, people understand why we're using the system and they become natural multipliers. They tell everyone, "I use the system and it really works. I did this and the system helped me with that..."

CWT: Are you expecting any particular challenges for 2014?

Paulo Campana: We do have some challenges with CA's global travel policy—especially the recommendation that we book tickets 14 days ahead, since no commercial meeting is ever scheduled more than seven days in advance in Latin America. People may need to reschedule their bookings, which can be quite expensive. We need to help travelers understand how rates can vary, the different restrictions and so on. When you click on a particular flight you can open up a tab explaining the policy rule and the rates, but this is not easy to digest. We're trying to find a way for people to understand more easily that they might need to select a less restrictive fare that allows them to make changes. Right now we have a group at CWT working with us to make proposals to our OBT vendor, which is the second phase of our plans.

CWT: So you want to give travelers better advice on how to choose between the different rates?

Paulo Campana: Absolutely. Most people are astonished to learn there might be 15 different fares in economy class. It explains why if you have two members of the company who book the same flight at different times, one of them can pay more. It's a mystery for them. We need to make some points of the OBT a little more user-friendly and the information a little less technical and more oriented to people who aren't travel experts.

CWT: Will you be doing this globally or are you talking about Latin America only?

Paulo Campana: I'm thinking more of Latin America, based on the difficulties I see with travelers here. We can't compare this region with the U.S., for instance, where the knowledge and variety of travel options are very different. I do agree with global plans and initiatives but I also agree with customizing them to address local issues.

CA Technologies at a glance



IT management
software and
solutions company



Global headquarters
in Islandia, New York



2012 revenues:
\$4.6 billion



14,000 employees
in 45 countries



2013 travel spend: \$54 million,
of which approximately
10% in Latin America





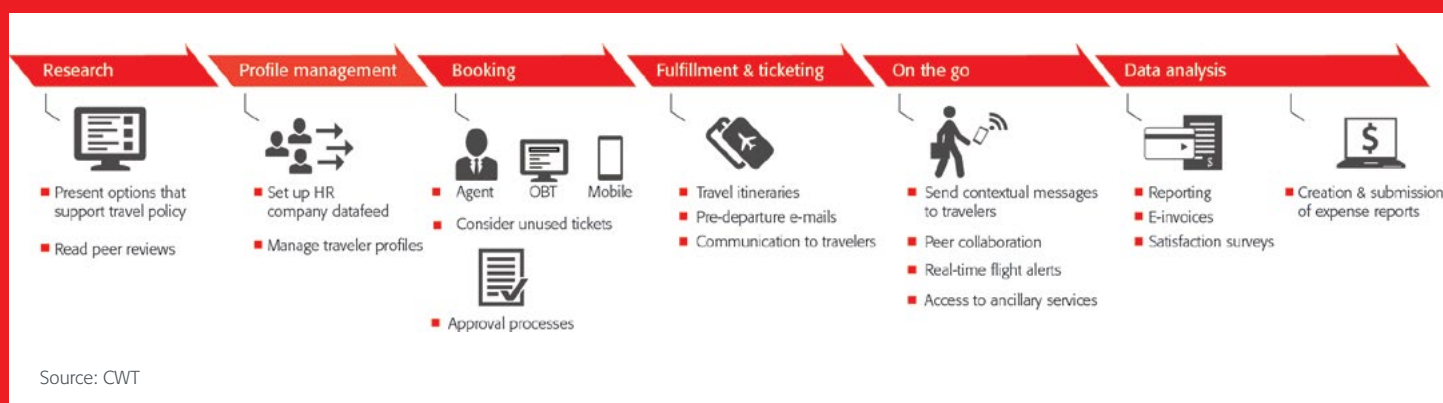
Optimize end-to-end travel processes

Fifty-four percent of surveyed travel managers say optimizing end-to-end travel processes will be a high priority in 2014.

Facilitate and streamline: two main goals

End-to-end travel processes incorporate every stage of trip management from pre-trip planning and on-the-road support to post-trip expense reporting, traveler feedback and program analysis. As the technology further improves, travel processes will be increasingly standardized and travel data more easily integrated into other company-wide systems (in particular, accounting and human resources). The aim is both to make travelers' lives easier and to streamline management processes, providing travel managers with more complete, accurate data on travelers and spend patterns. With the right processes in place, companies can also boost compliance with their travel policy and legal reporting requirements. Not least, the related cost savings can be substantial.

End-to-end travel processes cover every stage of trip management

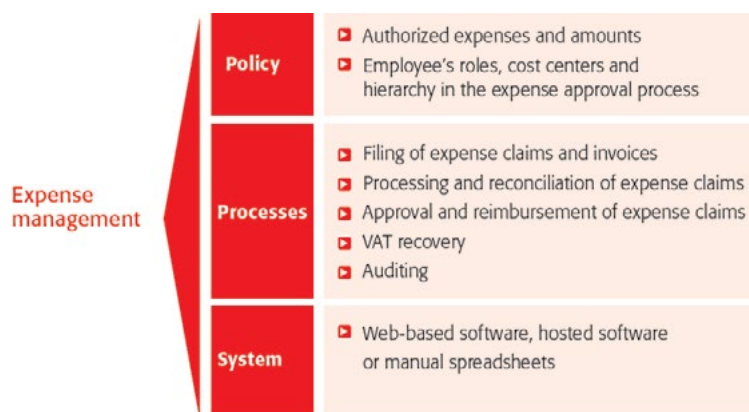


A key component: integrated expense management

Expense management is just one component of end-to-end processes but it is the area gaining the most traction in travel management as companies adopt automated, integrated systems. The benefits are multiple, including improved data consolidation, increased policy compliance, a reduced risk of fraud and a better user experience, as well as savings. To give an example, CWT research⁶ indicates that an expense report alone costs 20-25 percent less when the expense management system is bundled with corporate cards.

Companies that switch to automated expense management technology generally tackle three main areas: policy, processes and system.

The three main areas tackled in integrated expense management



Source: CWT Travel Management Institute

KDS Expense Management solutions

Recently CWT has strengthened its reseller agreement with KDS by including KDS Expense Management solutions. These solutions bring significant benefits for client companies and their travelers, including eliminating time-consuming manual tasks, accelerating processes, reducing costs, increasing policy control and compliance, and providing detailed spend analysis.

Some of the features include:



⁶ Business Traveler Services: Finding the Right Fit, CWT Travel Management Institute (2011)

When integrating expense management into end-to-end travel processes, companies usually first set up other building blocks, which are an **online booking tool** and **corporate payment cards**, where applicable. In addition, interfaces are more often being built between T&E and HR databases to keep **traveler profiles** up to date, given that the importance of up-to date traveler profiles has increased dramatically (e.g., for communicating to targeted individuals by mobile in an emergency).

Benefits of integrating HR feed into T&E platforms:

- ▣ Automated creation, deletion and updating of traveler profiles
- ▣ More complete, correct profiles
- ▣ Increased data accuracy with real-time updates
- ▣ Reinforced security of end-to-end travel spend data
- ▣ Enhanced policy compliance by centralizing T&E approval, with the same managers approving both travel and expenses
- ▣ Savings in terms of time and resources

CWT Portrait for use at home and abroad

Centralized traveler profile information is invaluable for driving policy-compliant bookings that use individuals' correct personal details and take into account their preferences. This kind of technology platform also plays an important role in accurate reporting and, depending on the provider, can be accessed globally via travel counselors.

CWT Portrait Abroad, for example, enables travelers to make reservations through travel counselors when outside their home country without sacrificing any service features. Instead of needing to contact their usual travel team or the CWT Emergency Service Center to access their traveler profile, travelers can book through counselors in the host country. In this way, they can take advantage of local content and fares as well as any global deals such as point-of-origin pricing.

Finally, an effective end-to-end travel process also includes a dynamic messaging system for communicating with travelers. This may cover a wide variety of functions: providing travelers with targeted policy reminders (e.g., *CWT Policy Messenger*), offering real-time itinerary and destination information via mobile devices (e.g., *CWT To Go™*) and providing support during emergencies.

Toward more automation and integration

Emerging mobile payment solutions are expected to accelerate the move toward automated expense management. While there is limited adoption of mobile wallets and other such solutions today, there is growing interest that should drive more companies to consider how best to evolve their systems with an integrated technology platform.

Souza Cruz acknowledges employees as the start and end points of travel processes



Optimizing end-to-end processes is a priority that is attracting the most attention from travel managers in Latin America compared to other regions. To find out more, CWT talked to Felipe Ferreira, travel manager for Brazil at Souza Cruz, one of the country's largest corporations. Mr. Ferreira underlined the importance his company places on actively working with travelers and travel arrangers to improve program performance, considering the needs and behavior of local employees when implementing global processes.

In 2014, the Souza Cruz travel team intends to focus on three broad targets for process optimization:

- ▶ **Engage travelers and travel arrangers internally through ongoing support, communications and training.** For Mr. Ferreira, these employees are the start and end points of the travel process and must be actively recruited in achieving program goals. One particular push in 2014 will be making sure that traveler profiles are correctly completed and up to date, as errors at this initial stage of the process generate complications down the road. Another action area will be advance purchasing, which still offers major room for improvement, particularly in hotel bookings. Mr. Ferreira will be recommending that travelers maximize their chances of booking in advance by drawing up yearly trip calendars with their teams.
- ▶ **Locally adapt global processes and tools, which are key to end-to-end process optimization.** As part of British American Tobacco, Souza Cruz follows group-wide processes for travel and accounting/management control, including a global travel policy, online booking tools and reporting processes. These processes and tools sometimes need tweaking to take into account the culture and operational difficulties of each region. For example in Brazil, as well as providing corporate cards, the company intends to implement a virtual card solution for hotel payments to streamline the billing process, improve control over spend and monitor deviations from policy.
- ▶ **Share insights from global reporting and forecasting tools.** Souza Cruz pulls regular reports from the *CWT Program Management Center* and also receives supplier price forecasts from *CWT Solutions Group*, which the company considers invaluable for budget management. Mr. Ferreira's travel team provides performance feedback to each department, drawing attention to lost opportunities (including at the level of individuals' behavior) and targeting areas for improvement. Since this process was put in place, there has been a noticeable increase in traveler engagement.

While technology tools and analyses are critical, Mr. Ferreira underlined that "the human factor must be considered first," advising other travel managers to look beyond the numbers and listen to the real needs of travelers. "It's a question of balance: there's no point making massive savings but leaving employees dissatisfied," he said. He is also a firm believer in asking experienced employees for advice before making a decision or implementing a new process or tool: "In the end, our greatest capability is the experience we gain through the years, and we always have a lot to learn."

Souza Cruz at a glance



Brazilian cigarette company



A subsidiary of British American Tobacco, which is active in 180 countries



2012 revenues: R\$6 billion (approximately US\$2.5 billion)



7000+ employees



Annual travel spend in Brazil: R\$10 million (approximately US\$4.2 million)



Further promote the travel program

More than half (54 percent) of all surveyed travel managers intend to make a priority of further promoting the travel program to travelers in 2014.

Adapting to travelers' changing expectations

As always, travel managers will continue to educate travelers on the benefits and engage in a variety of efforts to increase compliance. What is changing perhaps is the culture of control within companies, with a perceptible shift toward “carrot” rather than “stick” approaches. Travelers’ expectations are evolving, with the onus on companies to provide more user-friendly, flexible services than ever before and to help employees make the right choices. In particular, given the increased temptation of travelers booking through unauthorized consumer channels (especially direct on suppliers’ websites or apps), travel managers need to keep communicating on the objectives and benefits of managed travel to influence employees’ decisions: most travelers happily trade off some of the sophistication of consumer travel apps when they are aware of the extra service and savings that come with booking through the regular corporate channels. Companies also need to make the policy as clear and simple as possible, bearing in mind that nearly two-thirds of corporate travelers take fewer than five business trips per year.⁷

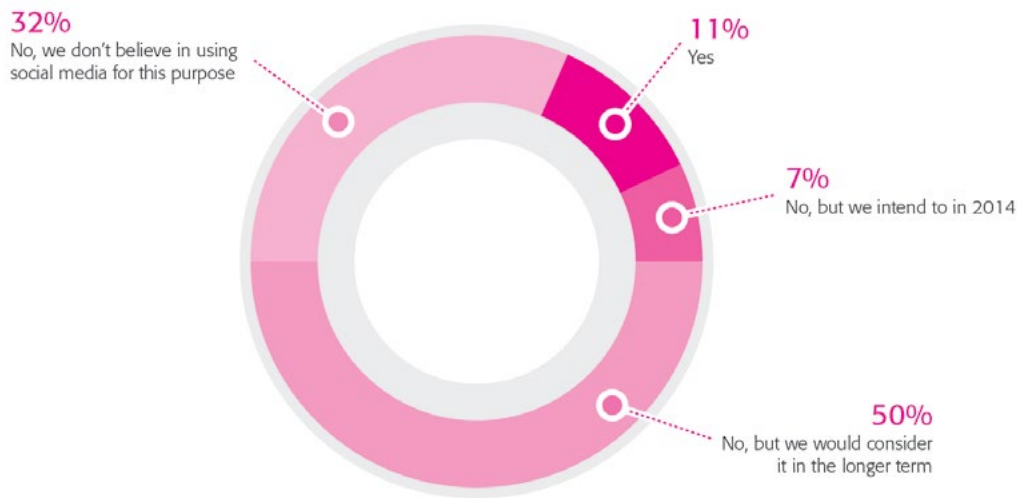
Two-way communication

Social media provides an excellent opportunity for travel managers to boost two-way communication, pushing out the right information on the program, listening to feedback and encouraging travelers to share tips with each other—in effect, giving travelers more of a voice. As this latest CWT survey shows, only 11 percent of travel managers are currently exploiting this opportunity but around 50 percent are considering doing so, especially for communicating travel policy guidelines (65 percent). Destination information, incident management and compliance/savings results also figure high on the list of potential uses.

⁷ CWT global transaction data (2012)

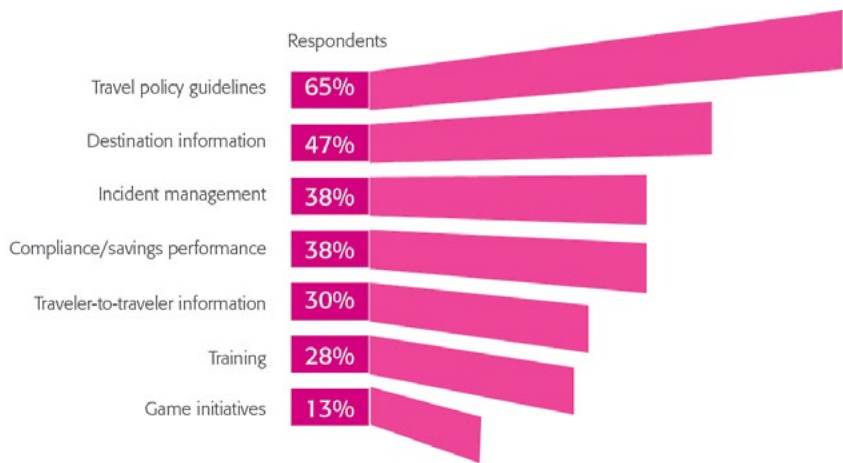
Most travel managers are interested in using social media to support their programs

Do you use social media to communicate with travelers?



Source: CWT Travel Management Institute
Based on an online survey of 970 travel managers worldwide (November 2013)

What do you communicate or plan to communicate through social media?



Source: CWT Travel Management Institute
Based on an online survey of 970 travel managers worldwide (November 2013)

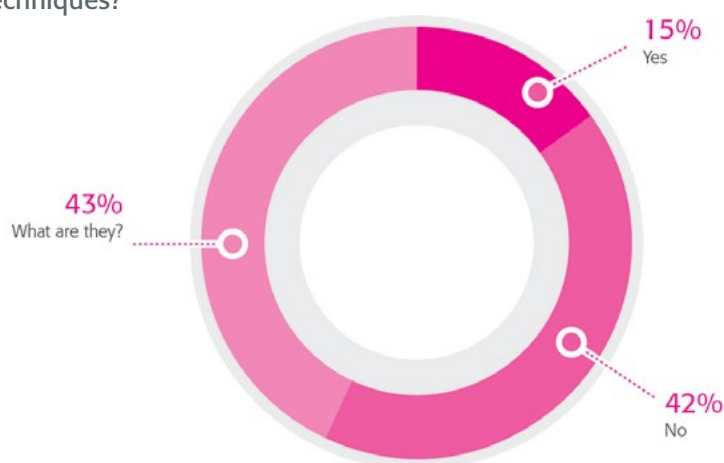
Applying game principles

Likewise, travel managers are keen to try “gamifying” the travel process: 15 percent say they are interested in game techniques, according to the CWT survey, although a full 43 percent are unsure what this implies, indicating another untapped opportunity.

Companies can engage travelers and provide incentives for complying with the travel program by introducing game elements such as friendly competition, recognition and rewards. As these are universal motivators, this type of approach can be relevant for all kinds of employees and is catching on in the corporate world: technology research company Gartner predicts that more than 70 percent of Global 2000 organizations will have at least one gamified application by 2014.⁸

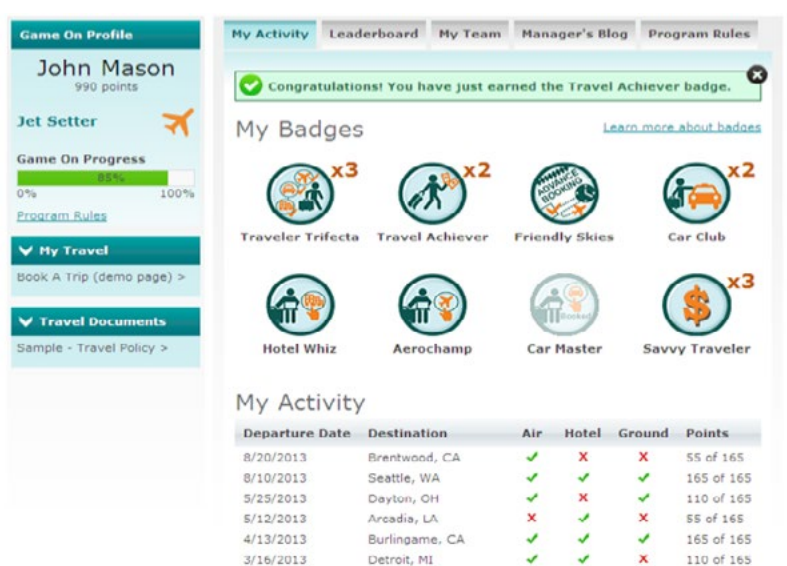
Applied to travel management, game techniques can boost compliance when the benefits for the traveler are highlighted, ranging from external recognition (e.g., badges) and rewards (e.g., prize drawings) to internal satisfaction (“I’ve done the right thing.”) As an example, *CWT Solutions Group* is building a platform to engage and reward travelers for booking behavior that supports their corporate travel programs.

Are you interested in game techniques?



Source: CWT Travel Management Institute
Based on an online survey of 970 travel managers worldwide (November 2013)

CWT platform for engaging and rewarding travelers for compliance



Source: CWT Solutions Group

⁸ “Gartner Predicts Over 70 Percent of Global 2000 Organizations Will Have at Least One Gamified Application by 2014,” news release, Gartner (November 9, 2011)

Tips

- ▶ **Raise awareness and make your policy easily accessible to travelers through a dedicated app** that not only displays dynamically updated policy guidelines and supplier information but also allows safety and security alerts and social conversations between your company's employees. A game element can be integrated, such as badges and a points-based rewards system.
- ▶ **Know which behaviors you want to influence and set improvement targets**, such as booking in advance, using restricted airfares and/or lowest logical fares, booking accommodation at the same time as flights (which increases program compliance), choosing preferred hotels and using the corporate online booking tool.
- ▶ **Consider aiming for "super compliance,"** as *CWT Solutions Group* calls it, shifting travelers' focus from simply complying with your policy to making the best possible decisions when presented with multiple compliant options. Super compliance takes into account traveler productivity and well-being, as well as costs.



Source: CWT Solutions Group

- ▶ **Exploit social media for the entire trip experience**, at the planning stage (e.g., policy and destination information), during trips (e.g., safety and security alerts and contact with co-workers) and afterward (e.g., to share feedback and reviews). For example, *CWT Hotel Intel* lets travelers post reviews of their company's preferred hotels, visible only to their colleagues—an important consideration in terms of safety and security. A closed community also provides protection against fake reviews, which are said to be proliferating on the web (up to 10 percent by some estimates).
- ▶ **Don't miss out on videos and images.** Visual content can be more powerful than text for engaging users and influencing

goodwill or loyalty to the program. According to a Google Think Insight study,⁹ 66 percent of U.S. business travelers view videos when considering a trip and choosing a destination, and 61 percent do so when choosing accommodation.

- ▶ **Don't think Gen X and baby boomers will be left out.** For all the talk of millennials (aged 18-34) driving new technology habits, the fastest growing populations on Twitter are the 45-54 and 55-64 age groups (+7 percent and +5 percent respectively between the third and fourth quarters 2013¹⁰), while on Facebook and Google+, 45-54-year-olds are fast catching up. It's worth remembering too that frequent travelers, a demographic of their own, have always been early adopters of technology. Similarly, game techniques potentially work with everyone.
- ▶ **Adapt your promotional activity to local markets, including regulation.** Various laws, on areas from gaming and data privacy to worker rights, may impact implementation. For example, a company's works council may need to approve any system that tracks employee behavior, or the default setting of any gamified system may need to be "opt out." Social media policies also need to respect employees' rights.
- ▶ **Consider how new technology apps can boost or undermine compliance.** Some convenient new solutions provide policy reminders, encourage travelers to use the preferred TMC booking channels and/or capture data on "rogue" bookings, while others may invite non-compliance and therefore undermine the value of the travel program.¹¹

⁹ *The 2013 Traveler*, Google Think Insight/IpsosMediaCT (November 2013)

¹⁰ GlobalWebIndex (Q4 2013)

¹¹ *Where now for managed travel? "Rogue" spend, new booking technologies and the future of business travel programs*, CWT Travel Management Institute (2013)

Thales: four key actions for promoting the program in 2014



According to Magalie Moisan, Group Purchasing Family Manager Travel at Thales, her team will be making a strong push to promote the company's global travel program, having identified this as a high priority for 2014.

Four key actions are in the works:

- ▶ **Better target the audience for dynamic communications** and monitor the proportion of trips related to internal meetings (e.g., one-day round trips) by including trip-reason codes in reporting. Trip-reason codes have been introduced already, covering the following: internal meeting, client meeting, training, supplier meeting, technical intervention at a Thales site, union business, trade event and career mobility.
- ▶ **Implement an automated messaging service.** Thales has selected *CWT Program Messenger* to provide travelers with targeted policy reminders. For example, the company wants to push advance-booking guidelines to employees traveling to internal meetings but not those traveling for technical interventions. The overall objective is to achieve savings through lower average ticket prices.
- ▶ **Further consolidate the travel program.** Thales has been consolidating its travel operations since the early 2000s, making significant headway with key components including policy, sourcing, TMC operations and OBT deployment. Thales continues to focus on communicating its travel policy guidelines in countries that have newly entered the global program.
- ▶ **Produce a dynamic dashboard to share monthly with countries and business units.** The aim is to provide an internal benchmark as a way of motivating the different units to increase compliance.

Commenting on these plans, Ms. Moisan said she was keenly aware of the importance of accessing and sharing the right data. "It's not just a question of getting hold of data but knowing how to use it to best effect. Sharing information internally can be very effective at getting people to support our program when they book travel. But you can't overwhelm people with information: it has to be well targeted and this is what we'll be focusing on."

Thales at a glance



A global leader providing electronic systems for the aerospace, defense, transportation and security markets



Headquarters in Neuilly-sur-Seine near Paris, France



2012 revenues: \$17 billion



65,000 employees in 56 countries



2012 global travel spend: €200 million (approximately \$273 million)



Redesign the travel policy

Forty-two percent of surveyed travel managers are planning to redesign their travel policies in 2014.

A constant work in progress

As a best practice, many companies regularly review their policies, benchmarking their performance against industry peers. In 2014 more specifically, travel managers are likely to be carrying out some or all of the following actions:

- ▶ **Leveraging Big Data to adapt the policy to traveler segments.** Recently, there has been a lot of buzz around the term “Big Data,” and it is indeed a “Big Deal” if companies are able to exploit the masses of available information to learn more about their travelers and adapt their programs and policies accordingly. Perhaps the term “Bigger Data” would be more appropriate in travel management, which has always relied on numbers to orient decision-making. The ability to use data intelligently and distill actionable insights from it will continue to unlock tangible value from the travel program.

The bigger the data, the larger the challenges, which include consolidating different sources, verifying the information, ensuring data security and of course asking the right questions for the data to answer. Companies typically do not have the resources to conduct large-scale data analyses in-house and therefore work with specialist suppliers, including their TMCs and/or travel management consultants. Among the latest applications for data are solutions for companies to get a more detailed picture of traveler behavior with more sophisticated segmentation, and also to understand elements such as the business impact of travel-related stress. (See the examples on Pages 34-35.)

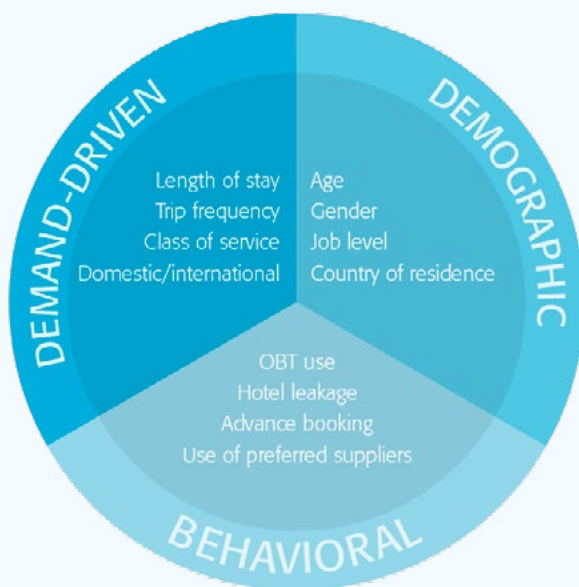
- ▶ **Communicating guidelines or restrictions to maximize return on investment from trips.** Many policies are asking travelers to plan their trips more carefully, by combining, postponing or replacing travel where appropriate. CWT generally recommends including limitations on same-day or same-destination trips—for example, requiring prior approval for same-day trips and limiting the number of trips to the same destination per traveler to two per month for regional travel and two per year for intercontinental travel. The trend for asking travelers to consider videoconferencing or other virtual meetings is also likely to continue, as is the move toward more local or short-haul destinations for group events.

- ▶ **Integrating ancillary spend.** Specifying reimbursable vs. non-reimbursable airline and hotel “extras” is becoming standard in travel policies as travel managers focus more on total travel costs than net airfares and room rates.
- ▶ **Specifying clear guidelines or rules for filing expense claims,** explaining processes for submitting invoices and requesting approval for certain items.
- ▶ **Including guidelines on the use of social media and mobile devices/apps.** One of the key concerns is risk management—ensuring that travelers take the right precautions so as not to reveal information that would put themselves or their company at risk when they travel.
- ▶ **Shortening policy guidelines** to make them easier to read and more suitable for a mobile app.
- ▶ **Underlining travelers’ responsibilities.** More and more, travel policies are appealing to travelers’ good conscience by spelling out their responsibilities as employees—for example to familiarize themselves with the travel policy, ensure that all trips taken are justifiable, plan trips as early as possible to take advantage of cheaper prices, use the designated booking channels for security and cost reasons, consider the environment when choosing travel options, and be in possession of valid travel and identity documents.
- ▶ **Pointing out environmental concerns.** Companies are increasingly asking travelers to choose the most environmentally friendly travel options to help achieve carbon-reduction targets. Typically this means recommending the use of public transportation where possible, as well as high-speed rail instead of flights for appropriate destinations.

Using Big Data for more sophisticated traveler segmentation

CWT is helping clients to tailor their policies more closely to travelers' needs by analyzing Big Data on traveler transactions and identifying different "personas." A wide variety of information is used in three categories: demographic, behavioral, and demand-driven.

Three main types of information for analyzing traveler personas



Source: CWT

CWT uses the demand variables to identify traveler types, and then maps out their profiles using demographic and behavioral variables. In one analysis, for example, it found that the company's most frequent travelers (10 percent of their traveling population) represented 50 percent of total spend. That population, mainly senior executives and sales support managers, traveled on average three times a month, staying less than three nights, and mostly at domestic destinations (75 percent of their trips). While they mainly used the company's online booking tools, they also tended to book at the last minute and were the largest consumers of business-class airfares.

This type of segmentation can be invaluable for adapting the travel policy and communications to different types of travelers and boosting compliance, taking into account their specific needs and patterns of behavior.

CWT Travel Stress Index: redesigning the policy to manage the hidden costs of travel-related stress

CWT Solutions Group has developed a tool to help travel managers assess their travel policies and limit the stress experienced by travelers. Originating in a Big Data study from April 2013, the *CWT Travel Stress Index* (TSI) is useful for companies wishing to move toward a more traveler-centric approach (a “traveler policy”).

To calculate the TSI (the extent of traveler stress and how it accumulates during regular business trips), CWT Solutions Group runs its patented algorithm and analyzes a company’s transaction data over a given period (typically a year). Each trip is broken down into 22 potentially stressful activities before, during and after travel. These activities comprise two components: “stress-free” time and stressful or “lost” time (time unavailable to travelers to work or rest). CWT then measures the duration and the perceived intensity of stress induced by each activity. Next, two KPIs are used to measure the potential impact of stress: the maximum possible lost time per trip and the actual lost time per trip (along with its financial equivalent). The ratio of these two KPIs produces the TSI.

In the original study, CWT Solutions Group analyzed multi-company data from 15 million business trips booked by CWT over a one-year period. The results were striking:

▶ Average actual lost time: 6.9 hours per trip, increasing with trip duration

- ▶ Domestic: 5.2 hours
- ▶ Continental: 5.6 hours
- ▶ Intercontinental: 15.6 hours

▶ Average financial equivalent: \$662 per trip

▶ Largest contributors to lost time:

- ▶ Flying economy class on medium- and long-haul flights: 2.1 hours
- ▶ Getting to the airport/station: 1.1 hours



When calculated for individual companies, a TSI can be produced at the level of specific travelers (especially those traveling most often), to identify ways to reduce their travel-related stress and improve productivity.

Although it would be unrealistic to expect to eliminate the impact of stress entirely, it can be reduced. Based on client-by-client analyses, CWT believes that **companies can control on average 32 percent of the actual lost time.**



Develop a mobile strategy

Some 37 percent of surveyed travel managers say they will be making a priority of developing a mobile strategy in 2014.

Mobile technology still offers huge untapped potential for managed travel

In recent years there has been a massive surge in the use of smartphones, tablets and other mobile devices by travelers, accompanied by changing expectations among all age groups—not just digital natives. Corporate travel is being “consumerized” as travel managers and suppliers aim to satisfy business travelers used to increasingly sophisticated, easy-to-use leisure travel services. But there is still a way to go before mobile technology is fully exploited in this space, especially to enable policy-compliant booking.

While most existing travel apps only solve specific isolated problems that travelers encounter on the road, the best mobile solutions will provide a one-stop shop for everything necessary during a trip within a managed travel environment. CWT recognizes the importance of this and is working to make a wide range of contextualized services available at travelers’ fingertips.

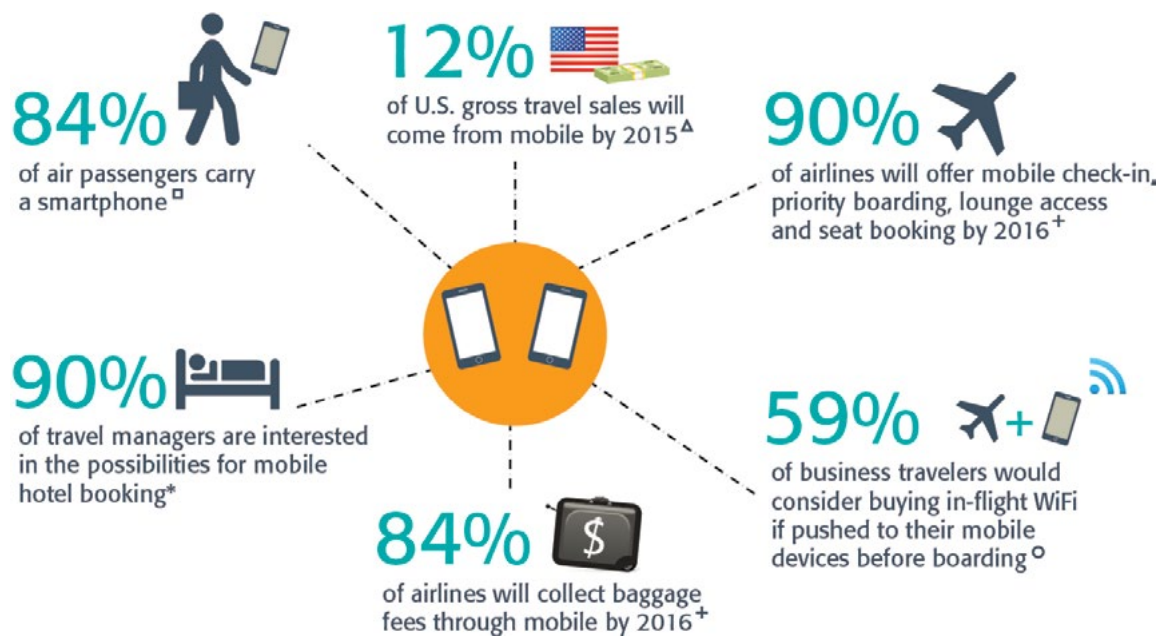
Mobile booking vs. services

The proliferation of consumer travel apps increases the temptation for travelers to book outside their authorized corporate booking channels, but in practice compliance levels remain high overall. (More than 90 percent of travelers declare that they always or usually use preferred booking channels, according to a CWT survey.¹²) The major exception is hotel bookings, around 50 percent of which are booked outside the preferred channels. While compliance levels have always been lower in this area of the program, this fits with the observation that most mobile bookings for business travel concern last-minute on-the-road purchases.

Rather than booking, business travelers are mainly using mobile technology for researching travel options (especially on tablets), facilitating the travel experience (e.g., with e-boarding passes), accessing itineraries and destination information (with apps such as *CWT To Go™*) and keeping in contact.

¹² *Where now for managed travel? “Rogue” spend, new booking technologies and the future of business travel programs*, CWT Travel Management Institute (2013)

Mobile travel technology in figures



Sources:

□ Passenger IT Trends Survey, Sita/Air Transport World (October 2013)

△ U.S. Online Travel Overview, PhoCusWright (November 2013)

+ Airline IT Trends Survey, Sita/Airline Business (June 2013)

○ Airline Technology Report 2013, FlightView (September 2013)

* CWT annual client survey (November 2013)

In 2014, suppliers will exploit more mobile opportunities

Airlines in particular will be investing in more mobile services, but suppliers from across the industry will be looking at new ways to improve processes for travelers and travel managers:

- **More near-field communication (NFC) services.** Given the possibilities for enhancing the traveler experience through timely and/or location-based services, airlines, hotels and car rental providers will be making a more aggressive push for last-minute sales via mobile devices. The range of potential services is vast, from WiFi and lounge access for travelers in the vicinity, to quick-swipe check-in with barcode boarding passes and keyless entry to hotel rooms and rental cars.
- **Early signs of mobile-specific payment.** For the moment, most mobile payments use existing online technology (largely credit cards), but there is a growing push for more immediate methods such as mobile wallets using NFC or virtual cards (like lodged cards). 2014 is unlikely to be the year of widespread rollout but the first m-payment services are already being piloted and more are sure to follow. This technology makes purchasing faster and easier—with the caveat that companies may need to pay particular attention to their policies on reimbursable expenses and communicate clearly on which ancillary services are included in negotiated fares and rates.
- **TMC/expense management offerings.** The number of mobile apps for managed travel is currently limited but growing. For example, *CWT To Go™* combines itinerary management and destination information for travelers with consolidated data for travel managers and will soon offer hotel booking. Another smartphone/tablet-friendly solution developed specifically for travel programs is *CWT Online* powered by KDS, a new corporate online booking tool with added features such as door-to-door booking and integrated expense management.

CWT To Go™ meets the needs of travelers and travel managers



- ▣ Provides real-time travel information
- ▣ Offers practical destination information
- ▣ Supports travel policy
- ▣ Reduces travel-related stress
- ▣ Offers trip personalization
- ▣ Coming soon: hotel booking



- ▣ Supports traveler satisfaction and compliance
- ▣ Supports company and traveler security
- ▣ Gives immediate mobile presence
- ▣ Is OBT, GDS and market agnostic
- ▣ Boosts savings

Tips

- ▣ **Consider mobile an integral part of your travel management strategy.** Like the arrival of the Internet a couple of decades ago, mobile creates a new channel for buying and managing travel but travel managers' basic goals remain the same: providing convenient, safe and cost-effective travel services to employees. The right mobile apps can help travel managers evolve their strategies seamlessly.
- ▣ **Consider the impact of any new mobile apps on compliance.** Not all apps are created equal. While mobile services can offer greater traveler satisfaction through tailored, instant access to services, this should not come at the expense of traveler safety or savings if out-of-policy bookings are encouraged. Some apps support compliance better than others.¹³
- ▣ **Reduce program leakage by capturing data on bookings made outside the preferred channels,** using an app such as CWT To Go™. This can improve reporting and make supplier negotiations more effective.
- ▣ **Clarify your policy.** Travelers need clear guidelines on recommended or authorized apps and devices, with some companies allowing employees to use their own preferred devices (a "bring your own device" or BYOD approach) and/or pre-installing recommended apps. Other areas that companies are integrating into travel policy include WiFi and data roaming.
- ▣ **Share information with your travelers.** SMSs and the latest TMC apps offer an effective way to get critical contextual information to travelers (e.g., details of arrival and departure gates, flight status updates and policy-compliant ground transportation options).
- ▣ **Don't forget mobile communications for safety and security.** For example, travel managers can use *CWT Safety and Security* to quickly reach out to travelers in emergencies by SMS, email or voice and track their responses. The sender sees confirmation of sending, as well as whether each recipient has replied and how, on a constantly refreshed dashboard.

¹³ Where now for managed travel? "Rogue" spend, new booking technologies and the future of travel programs, CWT Travel Management Institute (2013)

Mobile strategy at Oracle: “an ounce of protection is worth a pound of cure”



In an interview with CWT, Rita Visser, Director, Global Travel Process at Oracle, explains why safety and security is a prime consideration when travelers use mobile devices. Having already conducted a global audit on mobile usage, the Oracle travel organization is working closely with other teams company-wide to see how best to exploit mobile opportunities in 2014.

CWT: Most of the Oracle travel management team members who answered our survey said that developing a mobile strategy would be a high priority for 2014. Can you explain why?

Rita Visser: Oracle hasn't had a defined mobile strategy in the past: being an IT technology company, we know our travelers are finding mobile applications and solutions that meet their needs. It's a high priority for us in 2014, not to recommend the tools travelers should use but to tell them how mobile tools and solutions can help them, and the kinds of things they should be considering when using mobile applications on the road.

CWT: Can you give some examples?

Rita Visser: When I got on the plane for a business meeting last Friday, my laptops stayed where they were: I need them for my everyday work, not necessarily when I'm traveling. But the tablets I took with me are easy targets: people are looking to take them. We need to make sure travelers are aware they should treat their tablets with as much care, security-wise, as their laptops—if not more.

Another part of the strategy is to get more information from our travelers on the tools and solutions they're using and how Oracle can best exploit them. We have some social networking capabilities internally but are they being used extensively when people are on the road? What mobile tools are they using and how can we get them information when we need to? How can we help them to travel smart?

CWT: It's much more of a productivity approach than just looking at nuts and bolts.

Rita Visser: It is. We're not a one-operating-system-shop. People have the opportunity to choose their system and we can see the difference in user experience on different operating systems. That's also a challenge. I don't have a BlackBerry anymore but I'm sure there are people out there who still use one. Going to a mobile-only strategy isn't going to work for those folks. So you've got to go into this eyes wide open.

CWT: Do you have a mobile roadmap for 2014?

Rita Visser: We're getting together in the next few weeks to do that. We've surveyed our travelers worldwide on what they're using now, and we're having internal conversations with our IT and security teams around the use of mobile solutions, tools and applications.

All of a sudden we're going onto all these apps, we're creating user names, and I want this app to know that I'm on my way to Brazil... who else knows that, for instance? If somebody's going to steal a phone—let's say they want information on the president's itinerary—they don't need the president's phone: anything they need to know about that person is readily available on the admin's phone. So it's great to have an itinerary aggregator tool, but what if that gets compromised? You think you're getting picked up by your Oracle preferred black car service at the airport, somebody else is standing there with your last name and you simply get in the car...

It's those things we've taken time to think about. We want to make sure travelers look at the safety and security aspects and treat their devices as they would a laptop. Everything should have a password on it and only certain people should have access. I've said for years that it takes a village to make sure people are safe in travel and it's that same village that has to be consulted around mobile.

CWT: Could we talk more about which departments you've involved in the project?

Rita Visser: We've engaged our social networking team, to find out whether travelers want to hear from Oracle through a Twitter account, etc. Then we've worked with HR. HR says we can't force people to use our corporate card program—there are countries and religions where credit cards are not allowed—so we certainly aren't going to force them to use certain mobile tools or applications. There also things that we don't want to know from an HR perspective, like where people turn their phones off. We don't want to seem like we're asking too many questions.

We've also worked with the IT and telephony teams internally to get information, such as: What devices do we have out there? Can we tell how many people are using Oracle devices when they travel internationally? Should we be doing more here? The IT and telephony teams have rules on what people must do with their smartphones when they go out of the country, but what about their tablets? We've seen that as an area of opportunity and we've shared that with those teams. We're also having conversations with our physical and global security teams.

Of course, travel is only one piece of this mobile strategy. Our IT and telephony teams have been having these conversations for quite some time. We aren't leading this charge internally. We simply want to be at the table when these conversations are going on. It takes a village to make sure this all gets communicated effectively.

CWT: You talked about a global mobile survey. How did that come about?

Rita Visser: It came from a number of conversations internally with our own teams. We're hearing from travelers things like, "On this app, I found that my flight's delayed," or they're calling our agents and telling them what they've seen. We know our travelers are out there using mobile apps so we wanted to understand how this self-service environment is changing how we're doing our business. It's absolutely changing the way that travel happens.

We didn't work with anybody else when we were setting up the survey. We said it was for our internal use, to understand what's going on. But then we took it back out to these other teams and said, "Here's what's happening. Are there any security concerns? Are there any HR concerns, any IT concerns?" They already knew some of the things we learned—the utilization of our VPN and software globally, for instance, because that's tracked—but we brought them an understanding of utilization outside the home country.

CWT: You've talked a lot about safety, security and productivity, but what about hard-dollar savings? Is this more the concern of your telephony team when talking mobile?

Rita Visser: It is a concern for the travel team. I had somebody reach out to me the other day who had downloaded the free version of a price tracking software, and they wanted me to say, "Why isn't everybody doing this?"

But there's also the telephony aspect, or I would call it more procurement. Imagine we make a deal with company ABC that gives us a whizzbang tool: the traveler could pay \$5/month for the app but we're going to negotiate it down to \$1.99/month. Are there savings there? Yes, but at \$5/month, if it's something the traveler chooses to do then Oracle doesn't pay for it. Now if I say you should have it at \$1.99/month, I need to pay for it. So whose savings are they? It's saving the traveler \$5/month but costing me \$2. Or should I let travelers have three free apps that do what one app at \$1.99 does? They can use the apps as they see fit at no cost to them or us but then we come back to security: you get what you pay for.

CWT: Mobile's a vast subject.

Rita Visser: Yes, you can't go into it will-nilly. As apps change, are you able to track traveler utilization? If I tell a traveler to download app ABC and two months down the road that doesn't meet their needs, I'll have put time, energy and resources into negotiating an app or pricing for something I thought was best but people aren't using...

There are so many things to consider. Going back to someone stealing the president's admin's phone: if the admin has done everything possible to protect the information on his or her phone, that's priceless. An ounce of prevention is worth a pound of cure. I'd just as soon not be in a position where somebody gets hold of information they shouldn't have. So while we're always focused on costs and cost savings, in this situation the biggest issues are the security of our internal knowledge and the information that sits on the devices, as well as the safety of the traveler.

Oracle at a glance



Enterprise software
and hardware
systems company



Global headquarters in
Redwood, California



2012 revenues:
\$37 billion



2013 travel spend by region:
North America: \$224 million
Latin America: \$68 million
Asia Pacific: \$56 million



A 30-strong travel
management team



120,000 employees in
145 countries, including
80,000 travelers



Reinforce corporate social responsibility

A respectable 16 percent of surveyed travel managers say they will prioritize reinforcing corporate social responsibility in 2014.

CSR is rising up the corporate agenda...

Far from suffering from “green fatigue,” it seems many companies are only just getting started when it comes to fully engaging in environmental and social commitments. While cost control remains top of travel managers’ concerns, there are many indications that they are placing more importance on CSR aspects, especially duty of care. For example, recent surveys have identified safety and security as U.S. travel managers’ number 2 concern¹⁴ and the top preoccupation of European travelers.¹⁵ CWT has also noticed an increase in the number of environmental and ethics questions in requests for proposals.

...Driven by regulation and voluntary initiatives

This increased focus on CSR is being driven partly by a stricter regulatory landscape as environmental and labor laws tighten worldwide, especially regarding carbon reporting and duty of care. Many companies are going beyond minimum legal requirements and embracing the spirit of the law, signing global voluntary agreements for ethical, environmentally friendly business practices (e.g., the UN Global Compact and The Carbon Disclosure Initiative) and introducing wide-ranging CSR commitments. Also, current events continue to remind companies of the need to provide adequate protection for traveling employees—from assisting them after flight cancellations and providing safe accommodation or transportation in high-risk countries, to getting them home in emergencies.

¹⁴ *The Wire...from AirPlus (North America Edition)*, AirPlus (May 2013)

¹⁵ *2013 European Business Traveller Well-Being Study*, GBTA/AirPlus (September 2013)

CSR potentially impacts every area of managed travel

Although the main focus remains safety and security, followed by environmental sustainability, **CSR potentially covers a vast scope in business travel**. Travel managers will increasingly branch out in terms of the areas covered and the different criteria considered. In sourcing, for example, companies will consider not only suppliers' environmental track record but also their social credentials, such as their ability to meet desired employment standards and make a positive contribution to their local communities. Companies may also institute a prompt payment policy to support small to medium companies and look for ways to increase the use of local contractors. Likewise, when designing policies, more focus will be placed on traveler well-being and serving the needs of specific populations of travelers, such as people with disabilities.

Putting the traveler at the heart of travel programs

As travel managers consider their companies' duty of care to travelers, **the need to balance cost concerns with traveler welfare is clearer than ever**, and providers will integrate these concerns into their offerings. For example, the *CWT Travel Stress Index* helps travel managers move toward more traveler-centric policies and consider the hidden costs of travel, especially time lost in the travel process, when designing their programs. More companies will also look for support from specialist partners for managing the risks associated with travel and contingency planning.

Green travel: more tools for reducing the carbon footprint

Information is key for travel managers aiming to reduce the environmental impact of their travel and meetings activities, and suppliers are obliging with a variety of tools and features. For example, *CWT Online* powered by KDS makes "green" one of its four criteria in travel options proposed to travelers, along with "recommended," "cheap" and "quick." CWT has also developed a range of tools to support green travel at different stages of the service chain.

CWT tools to support green travel



Source: CWT

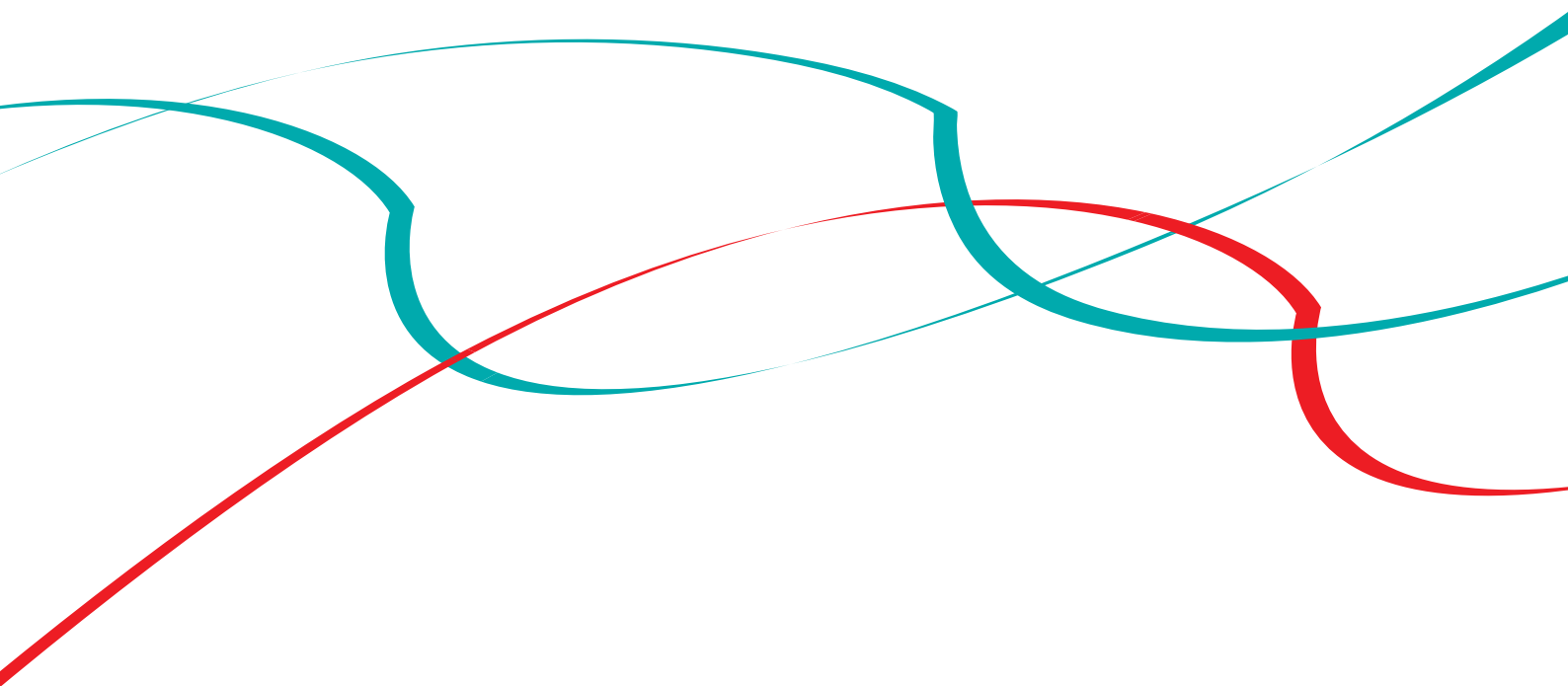
Virtual and hybrid meetings: aiming for clean in all senses of the word

In 2014, **meeting planners will continue to ramp up their interest in virtual meetings and hybrid meetings** (a combination of in-person attendance and virtual components), to limit group sizes and/or reduce the time spent on site in meetings, along with the environmental impact. A trend toward more domestic meetings is also limiting the carbon footprint of corporate meetings and events.

Another particular focus for M&E planners will be compliance with stricter regulation in many countries, particularly when stories of bribery and corruption continue to surface—notably in the pharmaceutical industry. Clearly, ethics and legal compliance must be considered systematically when working with M&E and travel providers.

Tips

- ▶ **Look at end-to-end travel processes when considering duty of care.** Ground transportation can be a weak link in safe travel. Companies may want to update their policies with a clear stance on newer services such as peer-to-peer car sharing at airports and motorbike taxis, as well as social media use and IT security. More generally, clear guidelines on pre-screened preferred suppliers and authorized travel options are essential to ensuring duty of care for travelers.
- ▶ **Provide information and/or training on how to stay healthy and safe while traveling** as part of a wider risk-management program.
- ▶ **Encourage meeting planners to integrate travel stress and carbon emissions into their selection criteria.** Many companies are favoring domestic locations for meetings and events, and increasingly holding virtual or hybrid meetings (combining physical and online attendance).
- ▶ **In addition to choosing carbon-efficient travel options, consider offsetting carbon emissions through your TMC.** CWT offers this service through its own trusted providers and other third parties upon request.
- ▶ **Ensure appropriate oversight for M&E programs** to ensure that all spend is validated and accounted for.



Market



Here are just some of the developments to watch in 2014:

Keep an eye on ancillary/amenity fees



Extra fees are big business for suppliers and will become bigger still as each year brings new record highs. To limit the cost to travel programs, companies can integrate these fees into sourcing and travel policies. In 2014, watch out for new bundles of services (e.g., Delta's in-flight "comfort bundle") that often are available only through direct sales channels, and make sure travelers know which extras are included in negotiated hotel and car rental prices.

More strategic meetings and events management (SMM)

With signs of 2014 bringing moderate growth in meetings and events, a number of trends are in evidence. More companies will embrace SMM, more events will be held closer to home (at domestic or short-haul destinations) and technology will continue to drive the content and format of meetings (with many virtual and hybrid virtual/live meetings, and instant feedback through Twitter, etc.). Companies will favor agencies that can demonstrate creativity as well as credentials in safety and security, and legal/ethical compliance. In a context of stricter regulation, M&E managers will be looking to account for every penny—as well as ensure that every penny counts in terms of business impact.

Yet more air tax



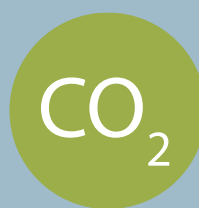
Air taxes will remain a sore point for some. In the U.K. for example, an increase in air passenger duty to a maximum of £188 (around \$312) per person (up from £92 or \$150 in 2012) has prompted *The Daily Telegraph* to launch a petition for fair taxes, claiming that British air travelers face taxes up to 30 percent higher than elsewhere in Europe. In Ireland, this duty has been scrapped, to apply from April 2014. In the U.S., travelers now face a higher levy for Transportation Security Administration services—a \$5.60 fee for one-way trips, which will be added to airfares.

moves

A question mark: IATA's new distribution capability



The business travel industry is eagerly awaiting more information on IATA's vision for airline distribution pending U.S. regulatory approval of its NDC. IATA's announced objectives are to rely on web-based standards and technologies, pull information directly from airlines to customers and offer customized products and services to travelers based on their preferences. Although this may appear to be good news, a number of questions remain concerning fare transparency and data privacy.



Carbon trading: another step forward for sustainable travel

In 2013, member airlines of the U.N.'s International Civil Aviation Organization agreed to develop a "global market-based measure" for greenhouse gas emissions by 2020. In the meantime, the EU has proposed that all airlines entering its airspace should participate in its Emissions Trading Scheme, with some exceptions (e.g., least-developed countries).



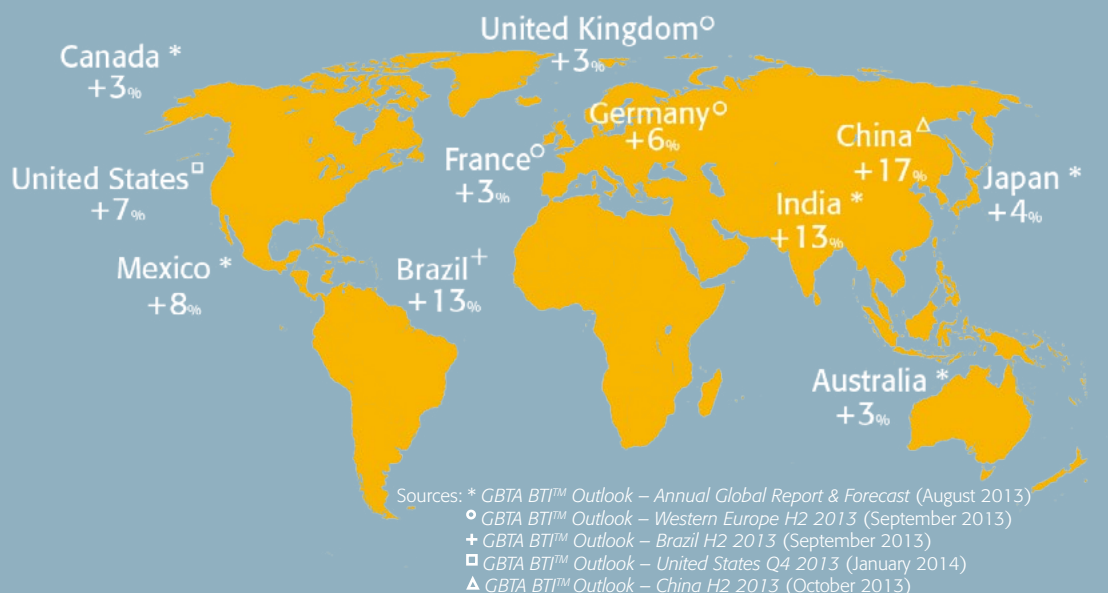
More packed planes

Airline traffic should continue growing faster than capacity across all regions in 2014, continuing the trend in 2013, according to IATA's December financial forecast.



Growth in business travel

Growth is back globally, according to the Global Business Travel Association, which predicts an 8.2 percent rise in business travel spend in 2014. BIC countries are leading the way, but the single-digit forecasts in more mature markets still represent a significant upsurge, with for example the largest annual growth in more than six years in Western Europe.



China set to join APAC's burgeoning LCC market

Following a decision by the Civil Aviation Administration of China to abolish minimum pricing requirements in its domestic market, China Eastern Airlines has expressed plans to convert its subsidiary China United Airlines into a low-cost carrier. This could be the first on the Chinese market, considered to be the last to adopt the low-cost model. Elsewhere in Asia Pacific, budget carriers are the fastest growing segment of the air market.

A race for accommodation during the FIFA World Cup



Travel to Brazil in June and July will require more advance planning than usual to ensure availability, as well as reasonable rates. Companies should not expect to receive corporate rates during this period, which is already being displayed as a blackout by many hotels.

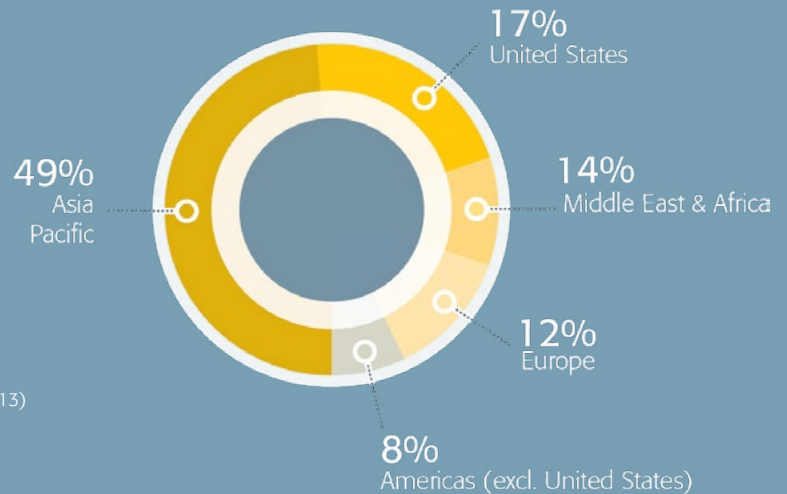
More reshuffling of routes and schedules as airlines consolidate

As more high-profile mergers and acquisitions hit the news (e.g., American Airlines and US Airways, Virgin Atlantic and Delta Air Lines, or Etihad Airways and Switzerland's Darwin Airline) and joint ventures are under discussion (e.g., Lufthansa and Air China), the question is what effect these moves will have on routes, schedules, available seats, quality of service and airfares. Also impacted by consolidation, the main global airline alliances (e.g., Star Alliance) may open their doors to more low-cost carriers—a controversial development that could, however, benefit the travel program by improving schedules for interconnections. Travel managers may want to review their global travel footprint and look for opportunities to consolidate their business with one or two alliances or joint ventures on their trans-Atlantic or trans-Pacific business.

Global growth in hotel capacity focused on Asia Pacific

Share of rooms under construction
by region as of October 2013

Figures on planned capacity should be taken with caution, since they include both leisure and business destinations and actual completion can take years. However, continued growth in the hotel offering in the dynamic Asia Pacific region may facilitate room availability for corporate travelers in some key markets.



Source: "2014 Meetings Focus Trends" webinar, Meetings Focus (Dec. 18, 2013)
Based on STR Global Pipeline Reports

A mixed bag for hotel rate increases

Examples of the highest and lowest initial submitted hotels rates evolution between 2013 and 2014 (before negotiations)

San Jose	+8.4%
Houston	+8.3%
San Francisco	+7.0%
Washington	+0.5%
Tokyo	+0.4%
Madrid	+0.1%

Source: CWT Solutions Group (January 2014)

Hotels appear less willing to include breakfast and Internet access in rates

Evolution in amenities included in initial submitted rates for 2014 vs. 2013 (before negotiations)

56% (-4 points)



Breakfast

79% (-5 points)



Internet

Source: CWT Solutions Group (January 2014)

...and good news for travelers!

More convenience through self-service tagging and bag drop



Airlines such as Iberia and Air France have started to offer self-service tagging, reliant on travelers printing out bar codes correctly before they arrive at the airport, while British Airways, for example, is trialing a permanent bag tag option. In a similar vein, self-service bag drop facilities will be increasingly available at airports.

Less digital withdrawal while in the air

In the U.S., travelers will be able to use electronic devices during takeoff and landing on more and more flights, following a new policy by the Federal Aviation Administration and the first announcements by airlines. A similarly relaxed policy by the European Aviation Safety Agency means that airlines should follow suit in the EU, although rollout will be progressive (e.g., in the U.K., individual airlines must present a "safety case" to the Civil Aviation Authority).

Enhanced passenger protections

Will 2014 be the year that the U.S. Department of Transportation passes new rules to protect the interests of airline passengers? After several delays, the market is still waiting for the latest round of passenger protections, which should include ancillary fees being displayed across all sales channels, among other requirements.

A wider high-speed rail network



Regions around the world are pushing ahead with plans to extend their high-speed rail networks, promising more choice for business travelers. According to the International Union of Railways,¹⁶ the amount of high-speed track in operation already rose by 22 percent between July 2012 and November 2013, with remarkable growth in China in particular (+3,464 km of the 21,472 km now open worldwide). Rail's market share will continue to rise on routes under four hours, as will "intermodal" agreements between train operators and airlines to facilitate connecting travel. In the longer term, the EU's "fourth package" of rail liberalization could boost market competition between international operators for the benefit of travelers.

More WiFi coverage



On-board WiFi for train travelers is becoming a reality, thanks to recent services by providers such as Amtrak in the U.S. And the new rules on the use of electronic devices are likely to boost the market for in-flight WiFi as well as new "gate-to-gate" offerings by airlines.

According to HIS, a consulting company, 21 percent of the global fleet were already offering WiFi or mobile connections at the end of 2013.

A more attractive LCC offering for business travelers

Once considered inappropriate for corporate travel, low-cost carriers have made great strides in capturing a share of this market and shaking up the traditional airline business. But increasing price competition from network airlines means they are now reviewing their offerings, especially service features. In Europe, Easyjet has introduced an inclusive fare (e.g., baggage and seat selection) to appeal to corporate travelers and has also improved its distribution through GDSs, while Ryanair is relaxing many of its previously draconian rules (e.g., it now allows a free small second carry-on bag and has cut its boarding card reissue fee).

¹⁶ High Speed Lines in the World, UIC High Speed Department (November 2013)



Relaxed visa regulations

Among the recent changes worth noting is Russia's decision to admit travelers from Asia-Pacific Economic Cooperation (APEC) countries without a visa, provided that they carry an APEC Business Travel Card. Travel to Brazil has also been facilitated by U.S. measures to speed up visa processing, although discussions are ongoing for admitting Brazil to the Visa Waiver Program.



Easier U.S. card payments abroad



Chip-and-PIN charge cards, which are standard issue in Europe, are now being introduced more widely by U.S. banks. This change will make life easier for U.S. travelers abroad, who often see their swipe cards declined, despite EU regulation requiring merchants to accept them. The use of PIN codes will also help to combat fraud, which has dropped by more than 70 percent in Europe since this system was introduced.

An end to EU roaming fees



European travelers should soon be able to use their mobile phones for the same price as at home, as the European Commission has decided to scrap roaming fees. Once approved, the proposed new legislation could come into force as soon as July 1, 2014. Other countries may follow suit (e.g., an Australian consumer group has renewed its campaign for similar legislation impacting travelers to and from New Zealand).

CWT Travel Management Institute

The CWT Travel Management Institute conducts in-depth research to help clients worldwide derive the greatest value from their travel and M&E programs.

Drawing on the global resources of Carlson Wagonlit Travel (CWT), the institute provides a regular flow of business intelligence and best practices to offer actionable insights into effective travel management.

To this end, the CWT Travel Management Institute publishes original research, white papers and case studies, as well as a global periodical *CWT Vision*. Research publications include:

- ▶ *Where now for managed travel? "Rogue" spend, new booking technologies and the future of travel programs* (2013)
- ▶ *Mastering the Maze: A Practical Guide to Air and Ground Savings* (2012)
- ▶ *Business Traveler Services: Finding the Right Fit* (2011)
- ▶ *Meetings and Events: Where Savings Meet Success* (2010)
- ▶ *Room for Savings: Optimizing Hotel Spend* (2009)
- ▶ *Playing by the Rules: Optimizing Travel Policy and Compliance* (2008),
- ▶ *Global Horizons: Consolidating a Travel Program* (2007)
- ▶ *Toward Excellence in Online Booking* (2006).



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