Global Digest

Business Travel

Background

CASME held Business Travel RoundTable meetings in Asia, Australasia, Europe, North America and Latin America. The following main topics were discussed:

- Stakeholder engagement
- Company requirements
- Industry and financial analysis
- Strategies
- Contracts
- Technology.

This Digest provides the key points, good practices and insights into future trends identified by CASME members at the RoundTable meetings held around the world.

Stakeholder Engagement

- The pandemic has resulted in Procurement collaborating with HR, Finance and Security to address the current status of the business travel category and to plan the ongoing strategy.
- Procurement's management of business travel during the pandemic includes:

  o Focusing on the safety and wellbeing of employees who are required to travel
  o Establishing communication channels to ensure that employees are informed of the policies and safety measures that are in place; including an internal dashboard with information regarding COVID-19 restrictions and travel requirements
  o Using risk management services such as International SOS (ISOS) and Anvil Riskmatics
  o Updating international and domestic travel policies based on information and advice from travel management companies (TMCs), the World Health Organization (WHO), and government authorities
  o Establishing an internal one-stop shop with the TMC that includes trip booking and approval, pre- and post-trip traveller guidance, links to ISOS and notifications/alerts for travellers
  o Restricting business travel to only essential, justified and approved trips, as well as eliminating day trips
  o Establishing a pre-selection procedure for all requests for meetings and/or travel, that either approves the travel or mandates that an online meeting is conducted
  o Communicating with TMCs, hotels and airlines to manage the requirements of the travellers, the internal stakeholders and senior management
  o Influencing travellers to comply with the company's business travel polices, use the booking services and tools provided, and the hotels that fulfil the company's safety and security criteria, by highlighting the security and safety risks of non-compliance
  o Reviewing the terms and conditions (T&Cs) within existing contracts
  o Negotiating fully flexible tickets with airlines to mitigate unexpected travel restrictions
  o Sourcing alternative hotels to substitute those that can no longer be used
  o Providing data to Finance regarding credits from airlines and hotels, as well as the reports obtained from TMCs for spend analysis.

- Procurement's priorities when sourcing business travel services are influenced by the stakeholders' requirements regarding flexibility, cost and risk management. This involves:

  o Obtaining feedback from the stakeholders to enable Procurement to target appropriate service providers to fulfil their requirements
  o Understanding the impact of flexible working patterns and the continuation of remote working on business travel and corporate duty of care requirements
  o Consolidating volume with fewer hotels to improve the organisation's negotiation leverage
  o Implementing a 'best-fare-of-the-day', open-source approach to booking flights, to increase flexibility and eliminate the locked-in volume and spend targets with specific airlines
  o Requesting TMCs to provide innovative solutions for fulfilling Finance's requirements regarding payment process and reporting.

Company Requirements

- The pandemic has compelled companies to invest in new virtual meeting platforms to replace face-to-face meetings, resulting in substantial cost savings and reduced carbon footprints. The use of virtual meetings instead of business travel will continue, and business travel is not expected to return to pre-pandemic levels.
- Changes are being considered for travel policies that previously focused on cost, in order to address companies' duty of care responsibilities for their employees and travellers' compliance with the requirements, as well as the objectives of improving sustainability and attracting and retaining talent.
- The changes to company policies that are being implemented as a result of the pandemic include:

  o Providing employees with up-to-date information on the status of domestic and international COVID-19 restrictions and supporting them to comply with country-specific requirements
  o Allowing employees to decide whether to travel, while applying mandates regarding the need to be fully vaccinated and comply with COVID testing and country-specific requirements
  o Aligning the company's policies with the latest government policies for travel to ensure compliance
  o Centralising bookings through the TMC and an online booking tool (OBT) to optimise tracking and increase control at the company level
  o Mandating the completion of a formal, automated pre-trip approval process using an OBT that enforces compliance with the company's authorisation policy
  o Requiring employees to download specific apps to comply with the company's duty of care policies or to demonstrate their vaccination status
  o Applying a flexible working model that combines the use of videoconferencing and virtual reality (VR) applications with reduced travel frequencies
  o Establishing a business travel framework for 2022 onwards, to develop guidelines for whether travel or an online meeting is appropriate for each type of business meeting
  o Educating employees regarding sustainability and carbon dioxide (CO_2) emissions, to reduce the demand for business travel
  o Encouraging fewer people to travel together for a single trip
  o Combining employee wellbeing and sustainability initiatives to encourage employees to limit travel
  o Separating travel and expense policies and incorporating them within the procurement policy
  o Monitoring travellers using systems such as those provided by ISOS, to support increased traveller safety and security requirements.

Sustainability

- The approaches that are being applied for achieving sustainability targets include:

  o Using reports from TMCs and agencies to identify the routes that represent the highest levels of carbon emissions, and developing strategies for reducing these levels
  o Requiring TMCs to provide data to travellers during the booking process regarding the CO_2 emissions for different travel options, and suggestions for alternative forms of transport to influence their decisions
  o Using application programming interfaces (APIs) linked to the company's OBT to present data to travellers regarding the average levels of CO_2 for air and rail travel, and hotel rooms per night
  o Including sustainability criteria in requests for proposals (RFPs) and requesting information from airlines and hotels regarding their sustainability status and plans for reducing carbon emissions
  o Reporting the environmental data obtained from business travel providers on an internal dashboard to support the decision-making for travel policies
  o Monitoring the carbon emissions within end-to-end travel activities, including accommodation and the fuel consumption for both air and ground transportation
  o Identifying airlines that are using sustainable aviation fuel (SAF)
  o Reviewing current contracts from a sustainability perspective
  o Partnering with Thrust Carbon to develop action plans and targets
  o Using EcoVadis to assess service providers' sustainability status.

Industry and Financial Analysis

- The impact of the pandemic on business travel services includes:

  o Reduced service levels from TMCs due to employees being furloughed and those returning to work requiring retraining
  o The financial stability of TMCs and the viability of their businesses being at risk due to the negative impact of the pandemic on the travel industry
  o Key personnel leaving airlines, hotels and TMCs reducing the quality of account management

- o Hotel accommodation being unavailable due to closures and venues being used for quarantine
  - o Mergers and acquisitions (M&As) decreasing the number of service providers in the market
  - o Airlines and hotels needing to adjust to increasing demand in the coming year
  - o Decreased availability, increased rates and high demand for car rental services.
- Procurement obtains industry and benchmarking information from sources such as:
  - o [American Express Global Business Travel (Amex GBT)](#)
  - o [Business Travel News](#)
  - o [CASME](#)
  - o [The Hackett Group](#)
  - o [McKinsey & Company](#)
  - o TMCs and OBTs
  - o Requests for information (RFIs)
  - o Global newspapers.
- Procurement is collaborating with Finance to obtain information regarding the impact of reduced business travel expenditure on budget allocations, and is starting to discuss the financial position with travel services providers based on these spend reductions.
- The New Distribution Capability (NDC) standard is expected to provide dynamic information regarding air travel directly to the travellers to enable improved customisation of trips. However, the deployment of the standard has been delayed due to the pandemic, and information is not yet being conveyed by the travel agencies to their customers.
- The post-pandemic recovery of the airline industry is expected to be slow due to the reduction in both personal and business travel, as well as companies continuing to use virtual meetings to replace travel and improve their sustainability status.

Strategies

- Using TMCs is regarded as a necessity for managing organisations' business travel requirements, in order to benefit from the TMCs' industry expertise and their leverage in negotiations with the service providers based on consolidating volume from their various clients.
- Other benefits of using TMCs include that they provide:
  - o Booking and direct payment services
  - o Financial support as a third-party payment processor
  - o Data, analysis and reporting
  - o Follow-up customer services
  - o Visibility regarding the location of travellers
  - o Value-added services to assist client companies, Procurement and travellers.
- Due to uncertainty regarding how the business travel category, market and requirements will change in the near future, Procurement has been extending existing contracts rather than conducting requests for proposals (RFPs) until conditions stabilise.
- In companies where RFPs have continued, Procurement is using data from 2019 as a baseline and modifying the requirements according to data from 2020 and 2021.

Contracts

- The pricing models that are being applied in contracts with TMCs include:
  - o A fixed fee or a combination of fixed and variable fees
  - o A fixed monthly fee plus a transactional fee
  - o A transactional fee model with a minimum number of transactions per year.
- The fixed fee per transaction may differ for online and offline transactions, and a discount may be applied when the volume reaches an agreed threshold.
- The pricing models previously agreed with TMCs have typically been maintained during the pandemic; although new pricing is expected to be proposed once business travel stabilises.
- The performance of TMCs is being monitored and evaluated using surveys and scorecards completed by the travellers and the business stakeholders.

- The key performance indicators (KPIs) for TMCs include metrics regarding:
  - Customer satisfaction
  - Response times to queries and complaints
  - Call waiting times and abandoned call rates
  - The cost of transactions
  - Traveller safety
  - Mandatory travel requirements, such as visas and vaccinations
  - Travellers' compliance with booking through the TMC and using the OBT
  - OBT uptime and downtime
  - Sustainability criteria
  - Diversity and inclusion (D&I) in the supply chain.
- TMCs are required to provide quarterly reports regarding their performance against the service level agreements (SLAs) that are included in contracts.
- TMCs are regarded as strategic partners and the focus during the pandemic has been on supplier relationship management (SRM) to enhance mutual trust and collaboration, in order to effectively manage changes and develop contingency plans for managing requirements and the supply base.
- Transitioning to a new TMC is complex and requires structured change management, as well as the need to create new traveller profiles and ensure that training is provided for using new platforms, which can be a lengthy and expensive process.

Technology

- The pandemic has influenced the adoption of OBTs to enable employees to make travel bookings while working from home, and ensuring compliance with travel policies and restrictions.
- Platforms such as Concur Travel and Neo are being used for travel and expense management, which travellers can access via mobile apps.
- Many companies require travellers to use the ISOS Assistance mobile app in order to track their locations and support their safety.
- Specialist platforms such as Travel Analytics and Unlocked Data are being used for managing travel data and creating dashboards of travel, expense and sustainability data.
- Business travel procurement teams have been implementing systems and tools for improving data and reporting, including travel dashboards to record business travel data for analysis and benchmarking, monitoring rates and supplier performance, and providing information to Finance and senior executives.
- Reporting tools are starting to be used by organisations to monitor the carbon emissions represented by business travel and to reduce their carbon footprints.

Resource Centre Links

The following are links to the full meeting notes for each region:

- Asia
- Australasia
- Europe
- Latin America
- North America

ADDITIONAL INFORMATION

Global Digests provide valuable category and strategic insights to CASME members, as part of a much wider subscription service that is delivered to hundreds of corporate indirect procurement teams worldwide.

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