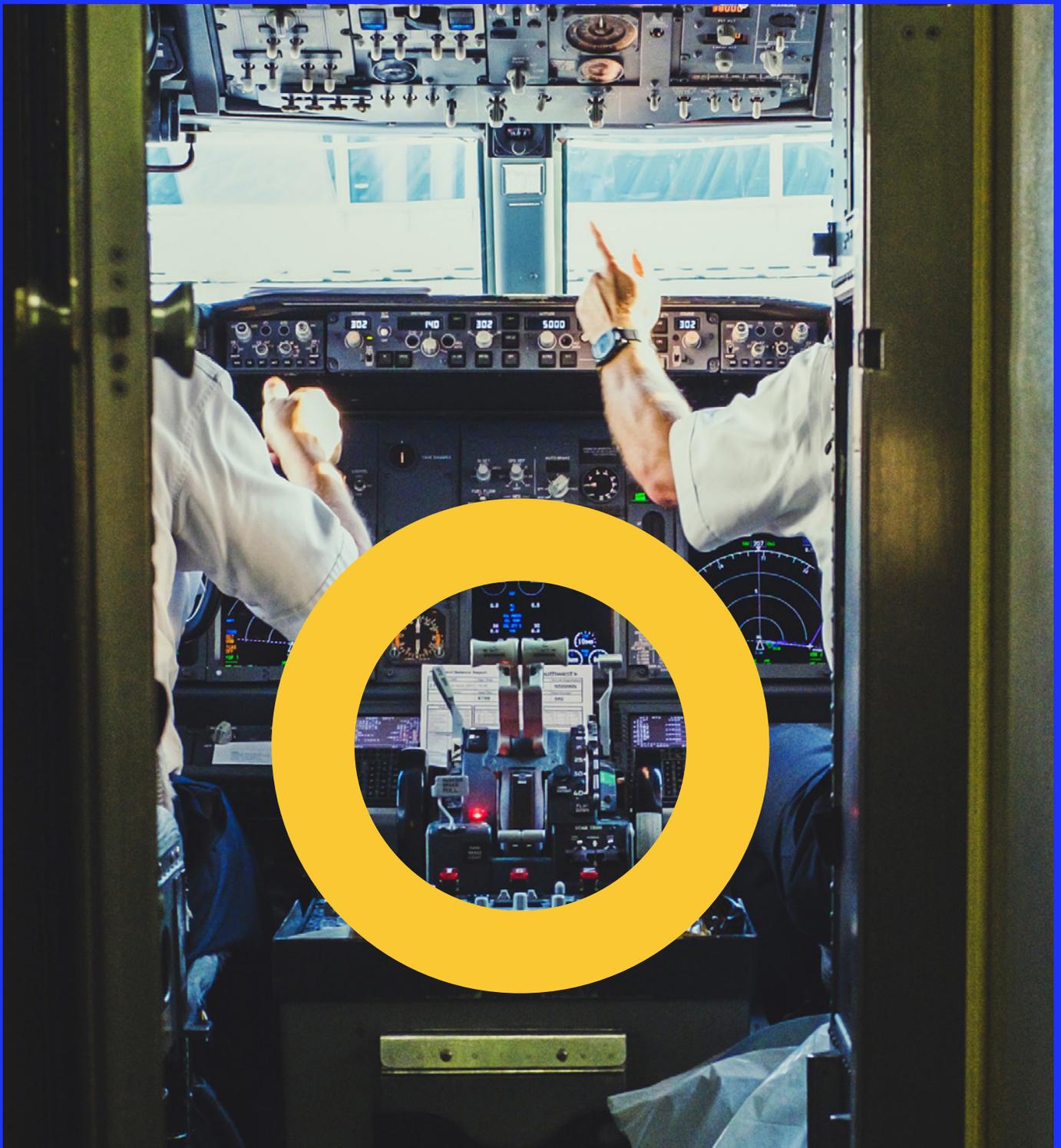




Step On The Gas

Perspectives on the Short and Long Term Changes
Required to Accelerate to a Future Managed Travel
Program in a New Distribution Landscape



Summary

Contents	Page
Executive Summary	4
The Need for Acceleration	5
Getting to The Vision - A Propa-what?	6
Short Term Changes Needed to Create Robust Travel Programs for Today	7
Long Term Changes Needed to Create Travel Programs of the Future	9
The Value Chain Perspective	10
Demonstrating Value in an NDC World	12
Headwinds and Tailwinds for Success	12
Conclusion	13
Thanks	14
Appendices	
1. The End in Mind - TMAG Pre-work on Defining Generalized Travel Program Attributes Of The Future	15
2. Short Term, Tactical Ideation to Get Us There	16
3. Long Term, Strategic Ideation to Get Us There	18



Executive Summary

The IATA Travel Manager Advisory Group (TMAG) across North America and Europe comprises nearly 30 travel managers from some of the biggest travel programs globally. As the official reference points in travel management practices for the International Air Transport Association (IATA) their role is to help ensure that a new air retailing landscape is forged with managed travel principles in mind. Framing their insights are the 4 C's: Cost, Control, Customer and Care.

Part of their scope within the TMAG is to create a vision for the industry around airline distribution issues and opportunities.

Having focused in 2017 on ideas for airline products of value in a New Distribution Capability (NDC) world and in 2018 on the future value proposition of the Travel Management Company (TMC), in 2019 they have now turned the lens on themselves and have thought about how the travel management program might need to evolve in a fast developing distribution landscape.

Their design-thinking exercise, referred to as a "Propathon", was undertaken over a 36-hour period to develop their view of the **Short- and Long-Term Changes Required to Accelerate to a Future Managed Travel Program in a New Distribution Landscape.**

The short term, tactical ideas generated fell into **four broad areas of focus:**

- **Understand Your Program & Supply Gaps** – For example clarifying the TMC role in a new distribution landscape or apportioning values to bundled components to allow for effective procurement
- **Reconfigure Team, Program & Supplier Readiness** – The need to introduce Service Level Agreement (SLA) components to drive access to content in a way travel managers need and improving the relevance of NDC questions in sourcing
- **Educate, Communicate & Engage** – Inviting new entrants and existing providers in to continually educate on fast-paced technology developments
- **Introduce New Tools** – Introducing measurements of conversion rates to NDC bookings where the offers provided are based on value to the corporate

The long term, strategic ideas generated fell into **three broad areas of focus:**

- **Enhanced Policy & Process Application** – Such as the moving to dynamic contract management rather than the existing, cumbersome Request For Proposal (RFP) process and a much more dynamic application of policy by traveler type/context
- **Greater Technology Control** – Taking greater ownership of travel management technology to create a more plug and play suite of solutions and the ability to provide contextualized offers to travelers
- **Organizational Re-Configuration** – Considering different remuneration models to reflect changing roles, like subscription-based servicing, redefining the travel manager role and unbundling travel program services

A full list of the ideas created can be found at the back of this document, alongside a raw list of attributes of the travel program of the future. The ideas were generated against a backdrop of reasons to accelerate the change in managed travel principles, as we have known them for the last few decades. The reasons to change were so compelling that many of the TMAG participants have started to evolve their programs already and while they aren't driving at full speed yet, the tank is full and they are clearly prepared to step on the gas and accelerate into a future where their role will vary and the value they bring to their companies is enhanced.

But the reasons for change aren't just about creating more value, they are also about reacting and managing the change created by others - to maintain their costs, ensure control, service their customers (the travelers and their companies) and provide appropriate care.

With that in mind, welcome to the story of Propathon #3, where highly engaged travel buyers with deep insights into the changing airline distribution landscape, decided to take a long hard look in the mirror and think about what they needed to accelerate along the road ahead.

Ultimately, the TMAG hope that this paper will present a positive future vision of the enhanced role of the travel manager and a travel program more aligned with;

- the supplier landscape
- traveler needs
- the corporation's needs
- the need to demonstrate ROI of the program to the C-Suite

We hope you enjoy the ride.

A Parallel Insight in 2019. In addition to focusing their attention on the travel program and their future roles, the TMAG also focused time and energy on fostering innovation and developing a call to action for the Online Booking Tool (OBT) community. As a result, IATA conducted a Hackathon specifically targeted at the OBTs ability to develop new services from NDC content.

The Need For Acceleration

The air distribution landscape is changing fast. It's hard for travel managers to keep up with the pace of developments and at this stage the fundamental impact to them and their programs is hard to measure. But with robust targets in place set by IATA Leadboard Airlines, a list of the world's 21 airlines, to achieve 20% or more of their distribution in New Distribution Capability (NDC) formats, the impact over the next 18 months is likely to accelerate and become more obvious.

There are essentially two aspects of distribution which travel managers need to consider when reviewing the changes in the market.

Technical Capability Changes – The opportunity airlines will have in a new API-enabled world, for instance to develop personalized and rich content driven offers to corporations

Commercial and Distribution Strategy Changes – Airlines are each deciding their own unique commercial strategies, including potential for distribution fees and fares limited per channel

In this paper we don't distinguish between the two, we simply provide the rationale for change and the considerations the travel manager needs to undertake of their travel program in an accelerating new distribution landscape.

The factors for change that the travel managers provided are numerous and quite varied, but essentially best captured in the following areas;

Content Is King

Access to airline content is becoming more complex as airlines move towards the use of NDC and the value chain responds to ensure distribution of this content. It is unclear at this stage as to whether fragmentation will continue to increase or reduce in the short or long term, but in an API world the flexibility of content distribution and also its consumption is a key feature. Travel managers must provide the right content to the right travelers at the right time. The new distribution landscape has the potential to bring much more valuable content, such as ancillaries and value-based bundles, to the travel program, but in order to consume this content the travel program and value chain needs to adapt.

Development Drives Differentiation

The new distribution landscape is creating the opportunity for differentiation across providers in the

value chain who have previously moved towards a more homogenized offering, for example IT infrastructure has become a TMC's competitive advantage. At the same time, an API landscape is also creating an opportunity for new entrants to fast-track their development – from new booking interfaces to platform TMCs to new distribution systems/aggregators, the scene is set for greater differentiation and a period of fast-paced development. This is great news for travel managers as their choice widens but with it comes a need to think long and hard about what they truly need to service their travel program strategy.

The Cost of Inertia

With these distribution changes comes cost. There's a cost of not changing, as access to content is disrupted, and there's a cost to change, whether direct costs to the travel program or indirect through the changes of the value chain. The TMAG considered that the cost of not changing was a far more powerful driver than the cost of change, because they felt that change would bring more value to the program of the future and not changing would continue to undermine the value of the travel manager and the travel program.

Customer Leads the Way

Almost without exception, the travel managers of TMAG have seen a dramatic shift to a more traveler-centric approach. The need to retain talent, the focus on mental and physical wellbeing and the broader consumer experiences of their travelers and the demands this places on their travel program are all playing a part in the changing focus. The travel program is also attracting more C-level attention because of these changes and more focus means more pressure to get things right and more opportunity for change.

Dynamic Data

The developments in data capability by the airlines, the value chain and the corporations themselves mean a much more agile, data driven world. In particular, this means that the capability to provide dynamic pricing has arrived, rather than the more static pricing we have become used to in corporate travel. Dynamic pricing and the use of data has all sorts of implications for the corporate travel manager – from privacy implications to leveraging their own data to drive the best prices, to managing the offers presented to travelers and measuring the value of travel management effort.

Indirect Changes

Indirectly connected to airline distribution are a variety of other changes which focus the mind on the need for the travel management program to evolve in a new distribution landscape. Payment changes, for example, are also developing fast, and the impact this has on the airline buyer relationship are yet to be fully developed. Blockchain examples are beginning to emerge and the potential for secure transactions undertaken with greater transparency is of considerable interest.



In essence, a number of the “burning platform” items recognized by the travel managers weren’t new or defined solely by the air landscape, but changes in the air sector have driven aspects like “the visibility of travel” and “the need for agility” and “the potential for API” up the agenda as reasons for change.



Figure 1: The “Burning Platform” issues for change of travel management in a new distribution landscape

The case for change is pretty compelling, whichever way you look at it.

On the one hand the travel program which changes nothing will surely survive, but the travel manager will increasingly become a fire-fighter, dousing the growing flames of loss of control, pressure to maintain appropriate duty of care, impacts on cost reduction and a growing discontent among travelers.

On the other, it is the opportunity to create a more agile, supportive and progressive program which brings more value to the organization and allows the travel manager to become a much more strategic mechanism for their businesses. But it’s no mean feat to get to that point and there’s lots to think about along the journey.

“There are many reasons to re-consider the strategy and tactics applied to our travel programs. The pace of change is quickening and to ensure we stay relevant as travel management professionals we must invest the time and energy in our own programs, not just rely on our suppliers to adapt.”

**Pascal Struyve, Global Travel, Fleet & Meeting Services Director
Ingersoll Rand (TMAG Member)**

Creating The Short and Long Term Vision: A Propa-what?

The case for change in the preceding section and the ideas the travel managers had for the short term, tactical and long term, strategic changes needed for the travel program of the future, were created during the TMAG’s annual “Propathon”.

A “Propathon” is essentially a design-thinking exercise which involves a clear set of agreed principles and scope, after which a series of ideation phases take place where the participants themselves create ideas and prioritize them. This format is a way to harness the combined, focused knowledge of the travel manager community represented by the TMAG.

Propathon
/ˈprɒpəθ(ə)n/
noun

1. an event, typically lasting 24 hours, in which a group of people meet to engage in the collaborative design of new product and service ideas.
2. a proposition marathon “a series of 24-hour propathons to build new customer-focused services”

See also: Hackathon

But there’s a very important second stage too. Once the ideas are created and prioritized they are sent out to some invited value-chain participants to join on the second day to provide their perspectives. This acts as a validation so that the ideas aren’t created in isolation and that other considerations emerge.

For this Propathon we invited a cross section of the value chain, in the form of an airline - Brussels Airlines (Lufthansa Group), a user interface - KDS (Amex GBT Online Booking Tool), a hybrid booking tool/TMC – TripActions (Platform TMC) and a traditional TMC – BCD Travel (Mega TMC).

Finally, the output of the Propathon was collated into a presentation and then subsequently delivered to IATA’s Business Travel Summit (bringing together a total of over 150 representatives from corporate buyers, TMCs, self-booking tools (SBT), airlines and IT providers) for further validation.

This paper is intended to drive interest and debate into what changes the travel program needs to go through in the short and long term. It is unlikely to hold all the answers it certainly doesn’t act as a template for what the program of the future looks like, but it is intended to foster debate and provide

some practical guidance on areas worth consideration as the pace of change quickens.



Figure 2: The "Propathon" Process

The Principles Under Which the Travel Managers Created Their Ideas

1. We want to manage end to end (e.g. sourcing, reporting, metrics/ KPI's etc)
2. Importance of a B2B2C relationship, with the Traveler as a mutual client of corporate and the Travel Ecosystem
3. We need to focus on adding value to the existing travel program to make it more attractive to our own travelers
4. Program components are Corporate Traveler & Corporation focused, with an emphasis placed on the experience and convenience of the traveler within the parameters of a managed company program
5. Payment may be corporate or traveler (if personal paid), subject to policy controls
6. Ideas are created with the wider company stakeholders top of mind, e.g HR, finance, legal.
7. Program changes should reflect the need for agility in the face of wider consumer and global socio/eco/political trends (e.g data privacy, changing consumer behavior)

Important Note:

During the ideation phase there were a number of rules at play.

Rule 1 – No idea was a bad idea, to encourage creativity no challenges were allowed, only clarifications and discussion.

Rule 2 – Participants recognized that with each idea there may come challenges in the implementation, but that was not part of the scope at this stage.

Rule 3 - The final vision must incorporate both "door-to-door" and "end-to-end". The Propathon participants should consider changes which need to be made across;

- Specific air components of their travel program
- The broader travel program
- The travel manager role



The Ideation Phase at Ingersol Rand HQ, Brussels

Short Term, Tactical Changes Travel Managers Should Consider

The first ideation phase focused on the short term where we considered the tactical changes which travel managers can begin to implement in the next 12 months to manage the changing distribution landscape.

The results fell into four broad categories of action recommended that a travel manager take to ensure continued and developing interoperability and to start to lay the foundations of the travel program of the future.

"We need to accept a certain level of disruption ourselves, we can't just expect it of others..."

Claudia Adams,
Travel Manager, Allianz
(Chair of TMAG Europe)

The full list of ideas can be found at the end of the paper in order of priority assigned but we have selected an example of the highest voted ideas for each broad area to illustrate.

Understand Your Program & Supply Gaps

Clarify the role and expectations of the TMC
Determine values of components in a bundle, to align negotiations with expectations

Reconfigure Team, Program & Supplier Readiness

SLA to drive capability for access to new content in the way a corporate wants it (OBT Adoption level by content)
Include NDC question in the TMC and Airline RFP

Educate, Communicate & Engage

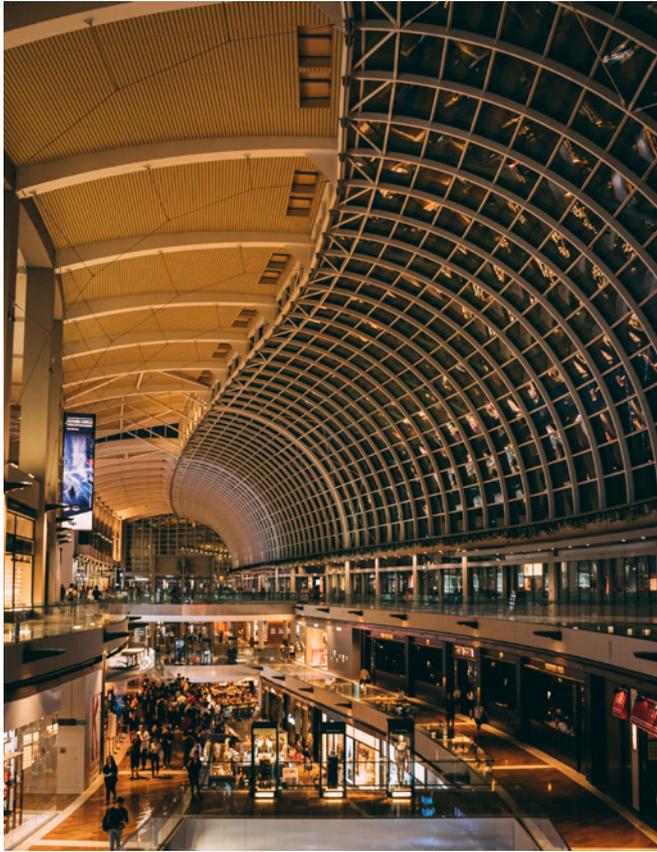
Invite new entrants in to keep yourself ahead of the game

Introduce New Tools

Define Airline SLA & KPI conversion rate of NDC offers

Understand Your Program & Supply Gaps

"Know thyself" was a really key factor in the discussions around creating the future travel program. Only once you are clear on your company's needs and how that is reflected in your needs as a travel management team, can you then reflect on your



existing supply-chain and their ability to service those needs, both now and in the future as things develop.

The role of key service delivery partners like the TMC and the Online Booking Tool (OBT) were considered of high importance. Clearly defining your expectations of them, set against a backdrop of your program's existing and future needs, is a key component of future success.

In addition, determining the value of those things that you need in your future travel program is also key. This is no mean feat as it ranges from assigning values to bundled airline ancillaries to help you manage procurement and comparability, to assigning values to service components of the intermediaries tasked with delivering the new customized offerings.

Reconfigure Team, Program & Supplier Readiness

The travel managers agreed that a mechanism to manage the reduction in supply gaps was also a key factor. The introduction of Service Level Agreement (SLA) components between the corporation and their intermediaries to help drive access to content in a way that corporates want it would be really important to align objectives and development focus. This would ensure that the expectations for access to NDC content were clear between the travel manager and

their intermediary (TMC & OBT) providers. Although, it should be noted that the TMC is reliant on other parties to provide this content in a way which will bring value to the corporate client, so perhaps joint/collective agreements are necessary between the airline, aggregator and TMC?

For those travel managers looking to source new providers to bring them the newly distributed content, there was a call for the need to improve the relevance of NDC questions in the sourcing exercise. No longer is it valid to simply ask "Please define your approach to NDC". More clarified questions around personalization capabilities, technology stacks and the delivery and control mechanisms for the new content which will arrive are key areas for insights.

In addition, the TMAG felt that it was important to reconfigure the travel manager/management team's approach to travel management, with greater emphasis on managing the future rather than today.

Educate, Communicate & Engage

With an increased opportunity for flexibility in distribution and servicing, combined with a renewed investment interest in the sector, the pace of new entrants appears to be quickening. Being able to identify serious players, with a new and valuable proposition is really important. Being able to assess whether they complement or replicate what you already get and ensuring that you see beyond the "smoke and mirrors" to ascertain the true potential is hard but vitally important to unlock the potential future value of your program.

Introduce New Tools

In a new distribution landscape, there's also the need for new tools to help to monitor and measure value. For example, tools to measure conversion rates to NDC bookings where the offers are provided based on additional value to the corporate, or tools which provide an assessment of the savings achieved through personalization. We refer to this last point later in the document as a key feature.

Of course, when considering the full list of short term, tactical changes which need to be developed in order to take advantage of the new distribution landscape, there are different options;

- Clearly some components are best left to individual travel programs/travel managers
- Others would benefit from some industry co-ordination – whether from industry associations or other less informal collaboration groups
- And finally, there's an opportunity for service providers to develop solutions to support the travel management process

Long Term, Strategic Changes Travel Managers Should Consider

The second ideation phase focused on the longer term where we considered the strategic changes which travel managers can begin to implement to manage the changing distribution landscape.

The results fell into three broad categories of action recommended that a travel manager take to better manage strategy, sourcing, contracting, implementation, management or measurement within a managed corporate air travel program.

The full list of ideas can be found at the end of the paper in order of priority assigned but we have selected an example of the highest voted ideas for each broad area to illustrate.

“Airlines are creating NDC content and we know we have to work out how to contract against that and manage it... then next we need to know what was actually consumed.”

Lisa Stanford, Category Manager – Travel. BP (TMAG Member)

Enhanced Policy & Process Application

With the development of airline control of the offer and a move towards continuous pricing, there appears to be a legitimate challenge to the existing Air Request For Proposal (Air RFP) process. The future RFP may focus solely on defining value-adds, such as reduced minimum connecting times (MCT) or lounge passes for all, and a corporate discount reflected in the airline offer on the day rather than the negotiation of defined prices per city pair. This will mean a move towards dynamic contract management, where the measurement of personalized, corporate offers against average market rates and the usage of negotiated value-adds is monitored and adjustments made to relationships on a more frequent basis in Quarterly Business Reviews (QBR), for example.

And with more dynamic fare offers comes the potential for a much more dynamic application of policy by traveler type/context. The potential for technology to allow the replacement of the single, static policy with a more contextualized application of fuzzy logic to provide the traveler with what they need to ensure they do the job they need to – dependent upon factors like what job they are undertaking on the trip, what the company’s financial performance is like and any other policy determining factors we can care to think of. The opportunity to reward the salesperson with an upgrade on their return flight if the “sold” button is pressed for a multi-million-dollar client in Salesforce becomes a possibility. Of course, we aren’t considering the cultural implications to your business here and for some this type of dynamic policy approach won’t be suitable. In fact, an opposing point made by the TMAG was that travel policy may actually need to be simplified in order for Online Booking Tools (OBTs) to be more effective in a new distribution environment.

Greater Technology Control

In an API landscape the travel manager, and the supporting value chain, are in a position to move towards a plug and play solution set. While the reality of “plug and play” may mean more time spent on complex integrations than the theory suggests, NDC as standard hopes to create more efficient API integrations. What this means to the corporation and the travel manager is a world of possibilities. Based on the actual tailored need of the corporation, the travel manager will have the ability to source best in class and most suitable solutions for various component needs of their travel program – and then have them integrated. The travel program moves from a cookie-cutter value chain of supplier, Global Distribution System (GDS), TMC and OBT to a tailored eco-system for those that have the need and appetite.

In addition, the opportunities to streamline travel and expense processes is enhanced in a world where airline products are offered and ordered using modern internet language.

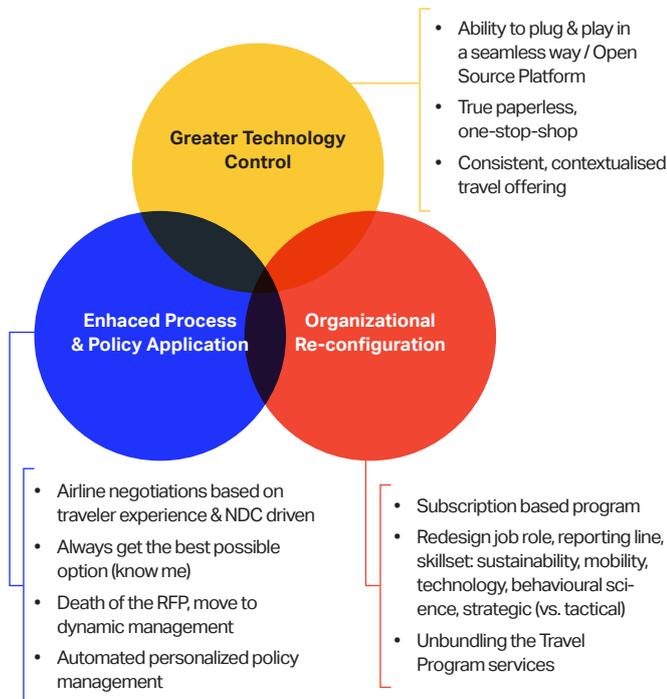


Figure 4: The Long Term, Strategic Changes Summarised



This “control” of the technology suite will provide the landscape for consistent, contextualized travel offers relevant to the travel program’s users.

Organizational Re-Configuration

Re-thinking how the travel program is structured and who is paid for what will feature as a result of the greater flexibility afforded the travel manager. The opportunity to unbundle the travel program itself and define your exact need will become reality.

And in an API landscape there’s opportunity to extend the role of the travel manager well beyond simply air, hotel, ground, etc. Perhaps there’s an opportunity for the servicing capability of all the traveler’s needs while en route, from their direct need on the trip to their indirect needs while away from home, like dog-sitting or house security, etc. The move to API distribution provides the opportunity for the integration of all sorts of additional services which until now have been too cumbersome to provide in any holistic way. Maybe the new levels of data available and the abilities to influence the travel program instantly will turn travel managers into behavioural scientists or full mobility managers. The gate is opened for corporations to re-define where travel sits and what type of skill-sets are needed to manage the function for their business needs.

And in a new distribution landscape, commercial and business models will evolve, as we are already beginning to see. This provides an opportunity for the travel manager to explore other remuneration methodologies which more truly represent the value received and provide a greater sense of transparency. Perhaps subscription-based remuneration will provide the right charging methodology or maybe there are other forms of remuneration which will relate to what services are provided and the value received.

The Value Chain Perspective

When we asked the travel value chain to reflect on the output from the Propathon it was clear that the travel managers and suppliers were broadly on the same page, however some key, additional insights were provided. And while the vision was generally aligned with that of the travel managers, the reality of what it will take to achieve, when there’s increasing complexity, was highlighted by all of the suppliers.

Getting Over the Hump

There were a number of key factors raised which the suppliers felt were of key importance when thinking about how we progress;

- The consensus was that for the most part, commercial factors are the primary driving decisions at the moment rather than what the potential, long-term benefits could be.
- The challenge for legacy providers in the value chain is that they need to maintain what’s required today as well as develop what’s needed for tomorrow, whereas new entrants aren’t burdened by this. And while the new entrants are unencumbered from the legacy processes, systems and commercial relationships, they still experience the complexity created through the legacy landscape.
- However, “tension” at both ends – from the buyer and the airline – appear to be driving change in the long run. Different commercial models have different effects in

different markets and in some instances can also be key drivers to changing behaviors.

- Greater complexity in flows will mean a greater need for clear determination of who is responsible for what in the workflows and travel processes.

The Importance of the User Interface

The importance of an effective user-interface to be able to interpret the content and policy application in a way which is consumable and engaging for the traveler is as much of a focus for the suppliers as it is of the travel managers. Key considerations included;

- The value of OBT re-seller agreements versus direct contracts in the speed of getting new content to market.
- It is vital that airlines think upstream about how new fares/bundles need to be displayed in OBTs so that it minimizes the challenge of the OBT's to display the content and to provide the right servicing in the system
- Related to an earlier point the travel managers made about complexity vs simplicity of travel policy, the suppliers considered that complicated travel policies which require an OBT to provide approvals processes will clash with NDC offers. Either policy needs to be simplified or OBTs need to get much better at providing relevant content so no additional authorization is needed.
- Complimentary to this, the suppliers also considered that the era of the hard, strict policy is dead as the technology itself should begin to manage the levers (which in turn allows for easier policy change).

Essentially, either a more simplified policy is needed (which doesn't require complicated authorization processes which result in cancelled/timed out bookings) or the ability for the OBT to deal with more complicated policy levers is necessary.

- Travel managers will need better administration tools on OBTs to influence bias/non-bias

Personalization versus Choice

The expectation from the travel manager is that in the future a personalized, pertinent offer is provided to the traveler. And that the technology and data is in place so that once that offer is made it should be sufficient for the traveler's needs.

"Ultimately, the dot on the horizon is a process where we determine that we need to meet, then Outlook and data combine to determine the best way and how much – i.e. the optimum option"

Travel Supplier
Participant in Propathon

But whether this truly takes into account the psychology of traveler behavior was flagged. Does the traveler still want to know if there were cheaper options? One supplier cited that this is why Amazon still offers so much choice.

Or is the real question that there is a need for choice only because there's eroded trust in the content being offered at this point in time? The reality may lie somewhere between trust/content and human psychology.

Data & Relationships

There were a number of data aspects which the supplier community felt were really important to achieve the strategic travel program of the future;

- Firstly, the need for a Single Source of Truth at both ends, from the traveler and corporation and also from the airline, is going to be key to ensuring trust in decision making.
- So too is the power of peer to peer insights in determining choice.
- Understanding and implementing based on the principle that the traveler is a shared customer is absolutely key.
- Deeper relationships with other non-air providers will be important to create bundles or the technology needs to exist to craft such bundles without the need for cross-sector supplier collaboration.
- The challenge to compare rich offers which may not be identical could cause difficulty as comparison is critical to driving competition - although upon reflection it was discussed that there could be a process where the optimum offer was actually the outcome of an appropriate comparison having already taken place in the background before the offer was made.

" A lot of what the travel managers have discussed has come up over the last 10 years – but most of what they want won't happen with the tools that exist today".

Travel Supplier
Participant in Propathon

The Risk to Momentum

There were also some risks highlighted to the existing change momentum:

- Airline strategy may vary by region based on market presence in that region. Economic softening may change the appetite for NDC adoption, especially where airlines lack competitive strength. Understanding the implication of privacy laws should be high because of the increase in channels and multiple parties getting involved in the offer.



Measuring Value In An API World

With the professionalization of travel management over the last few decades we have seen more robust practices around travel procurement and effective measurement of success. There's also been an increase in the need to reinforce the value of effective travel management to internal stakeholders and the C-suite. It is this latter point which we finally need to consider in an API distribution landscape.

While the measurement of savings has never been watertight in our sector, and often the savings metrics provided lead to questions on appropriate benchmarks, at least it has been relatively simple. But in the new world, where there are no commoditized offers to benchmark against, an added complication arises. When the fare is a unique offer to the traveler, how do you measure what the value of personalization and the corporations buying power is?

There are a number of potential scenarios that have been discussed, including;

- **Duplicate shopping** – anonymous shopping completed at the same time as identified shopping, to demonstrate comparatively the exact saving achieved through personalization and corporate negotiation. Naturally this means double the volume of requests.
- **Aggregated benchmarks** – where multiple shopping requests have been made by an aggregator there will be benchmark average responses (both anonymous and identified) against which to compare.
- **Added Value Negotiations** – where the sourcing process will focus on what added value services can be provided to recognize corporate loyalty or a standard discount from best available fare, these upfront agreements will show the initial value of travel management.
- **Improved traveler satisfaction** – ultimately, all internal stakeholders are likely to be travelers themselves, so any improvement in the experience – from the airline offer to the booking experience to the travel experience itself, should be quantifiable.

Regardless of the methodology, what this does bring into sharp perspective is the need for travel managers to set the scene with their internal stakeholders that the benchmark for value is about to change. Ultimately this could be a really positive thing, but without any context it may be challenging for travel managers to re-assert the value they bring to their businesses in the air sector.

Headwinds and Tailwinds for Success

The move to an enhanced travel program model will undoubtedly take time and encounter complexity and cost, but the travel managers who envisioned the requirements for a new model believe that it is both necessary and worthwhile to provide more value to their businesses and their travelers. In considering the future, they also explored what might accelerate the development and what might hinder it.

Tailwinds

The following existing factors were identified as likely to accelerate a move to an enhanced travel program;

- **NDC Volume** – It's clear that momentum created by the pull from the travel manager community and from the desire by airlines to redefine air retailing is driving change, so an increase in NDC volume will further accelerate the change in travel programs. The live deployments of NDC by the GDSs will contribute to this volume considerably.
- **Education and "Ostriches"** – An acceleration of education in the market beyond the fundamentals of NDC is beginning to happen. When visions of value are presented and there begins to be alignment this leads to those who have had their head in the sand to look up and engage.
- **The Continued Demands of Travelers** - With the exponential development of technology, travelers will continue to experience new consumer developments in their lives outside of business travel. The pressure from the outside won't stop or even stay the same, it will accelerate too.
- **Investments & Startups** – The transition to an API environment has attracted some high-profile investments in new entrants to our sector. Increased investment will drive greater change.

Headwinds

The following existing factors were identified as likely to hinder the development of the travel program;

- **Economic and Political Turmoil** – Trade wars and political turmoil, such as Brexit, provide a backdrop of uncertainty. And where there's uncertainty there's hesitancy to invest. The demise of stability globally in politics and economics will undoubtedly affect the speed of change.



- **Co-ordination and Consistency** – With airlines implementing NDC in different ways and those in the value chain implementing at different speeds a lack of co-ordination and consistency will hinder the acceleration of changes being reflected in the travel program itself.
- **Lack, Lack, Lack** – The challenge to those in the value chain who need to change in terms of their will, inherent skill and the investment to change (Will, Skill, Bill) combined with a lack of understanding of the complex API landscape and the lack of autonomy of the travel manager within their own organization needs to be overcome.

The biggest headwind identified by the TMAG was the resistance to change by not just the supplier community, but from the travel managers themselves. Moving to a new travel program environment means a need to understand and re-think, a willingness to try new things and uncertainty of the role of the travel manager themselves. This cannot be underestimated.

Conclusion

Driven in part by implementation of NDC, an API communication standard, the travel managers themselves recognize the need to change some key components of the travel program to reflect technological changes in the sector and the subsequent changes in capability of the value chain.

These changes require some short term, tactical steps and a long-term vision in order to understand and assess the impact and opportunities.

Overall the travel managers see an exciting opportunity to gain greater control and to have more variety of choice and flexibility of construction of the travel program of the future. And this itself could lead to a vastly different role which would better fit the objectives and culture of their own organizations.

This means we are all headed to a world where we provide more value – whether you are the supplier providing that value to the travel manager or the travel manager to their travelers or their corporation.



Our Sincere Thanks to The Following Propathon Participants...

The Propathon Creatives...

Pascal Struyve	Ingersol Rand
Marc Zuber	Nestle
Mark Cuschieri	UBS
Carine Morin	Eli Lilly
Teona Rueckert	Amazon
Greg Acha	Amazon
Sarah Edwards	Festive Road
Paul Tilstone	Festive Road
Cecile Rousseau	IATA
Yanik Hoyles	IATA
Olivier Hours	IATA

The Propathon Value Chain Participant Companies...

The team at.....	Brussels Airlines
The team at.....	KDS
The team at.....	TripActions
The team at.....	BCD Travel

The remainder of the Travel Manager Advisory Group participants, who were unable to attend the Propathon due to work commitments, undertook a review of and have validated this report

All 153 invited delegates at IATA's Business Travel Summit, which included 40 corporate travel buyers and association heads and over 22 TMC leaders.

And of course...YOU, because the journey is only just beginning and if you have read this far then you clearly have something to contribute too.

This paper was written by Paul Tilstone, managing partner, Festive Road and edited by Caroline Strachan, managing partner, Festive Road and the IATA NDC Team.

©Festive Road International Limited 2019

©IATA

Want to know more about IATA's New Distribution Capability and how it will affect the business travel industry? – visit www.iata.org/whatwedo/airline-distribution/ndc



Appendix 1

“The End in Mind” - TMAG Pre-work on Defining Generalized Travel Program Attributes Of The Future

What does a great travel program of the future look like?

Key components...

- Door to Door
- End to end
- Drivers of The Travel Program – Moves from Cost to experience, and a new set of KPIs
- Corporate Agreement of the future/Ongoing sourcing instead of once a year/ dynamic program management
- Dynamic Travel Policies – which accounts for market changes, company performance results in applicable consumption strategy
- 100% relevant content
- Contextual information / journey management
- Omni channel ie multiple device rather than multi-app with contextual amounts of data
- Predictive analytics – to create the perfect offer “know me, be where I am, tell me only what I need to know”
- Well managed trip disruption/proactive recovery
- Desirable travel booking destination – i.e. you want to create a program which is really attractive to book through
- An understanding of retailing behavior – to ensure you spend your time wisely on what’s going to impact the traveler and the program
- Moving to a measurement which takes into account total productivity/traveler impact
- A combination of common sense, personalization & AI
- Communication and stakeholder engagement (incl whole value chain and traveler feedback)
- Seamless payment
- Additional product and services (which may come into scope) including virtual collaboration
- Privacy & data protection – the balance in a personalization world



Appendix 2

The Short Term, Tactical Ideas For Travel Program Changes To Get There

In order of priority as voted by TMAG members

HIGH PRIORITY

Description	Grouping
SLA to drive capability for access to new content in the way a corporate wants it (OBT adoption level by content type)	Reconfigure team program and supplier readiness
Invite new entrants in to keep yourself ahead of the game	Educate, Communicate, Engage
Include more pertinent NDC question in the TMC and Airline RFP	Reconfigure team program and supplier readiness
Clarify the role of the TMC, expectations of the TMC	Understand Your Program & Supply Gaps
Determine values of components in a bundle, to align negotiations with expectations	Understand Your Program & Supply Gaps

Mid Priority

Description	Grouping
Engaging greater peer to peer knowledge share	Educate, Communicate, Engage
Reduce policy complexity	Reconfigure team program and supplier readiness
Moving from post audit to point of sale audit	Reconfigure team program and supplier readiness
Inventory of content - identify gaps	Understand Your Program & Supply Gaps
Better insight on Travel pattern using data e.g.ancillary usage	Understand Your Program & Supply Gaps
Build a better feedback loop including traveler knowledge	Educate, Communicate, Engage
Consolidate OBT across your program, ready for plug in	Reconfigure team program and supplier readiness
Adopt a sourcing strategy to new model (dynamic pricing)	Reconfigure team program and supplier readiness
Ask for specific NDC Offers	Reconfigure team program and supplier readiness
Disrupt your own program (take a step back to see what is working/needed)	Reconfigure team program and supplier readiness

Low Priority

Description	Grouping
Create a scope of what Travel Management is and the stakeholders involved	Understand Your Program & Supply Gaps
End to end gap analysis and immediate actions	Understand Your Program & Supply Gaps
True transparency on TMC. Commercial Model (how do we get the right fares etc)	Understand Your Program & Supply Gaps
Making travelers aware of the changing environment	Educate, Communicate, Engage
How to sell the new stakeholder internally C Suite	Educate, Communicate, Engage
Education for travel team on internal and external factors	Educate, Communicate, Engage
Understand the implications of privacy laws	Educate, Communicate, Engage
Engage with Supplier partners to develop RACI	Reconfigure team program and supplier readiness
Have a small route or market for R&D for a start up	Reconfigure team program and supplier readiness
Create a corporate policy on traveler types not on the corporation	Reconfigure team program and supplier readiness
Develop a corporate loyalty level which is in addition to the individual supplier loyalty status I.e. Company Platinum traveler	Reconfigure team program and supplier readiness
Define /distribution and propose strategy	Understand Your Program & Supply Gaps
Supplier scorecards & Evaluation	Understand Your Program & Supply Gaps
Identify type of service not by entity	Understand Your Program & Supply Gaps
Define when standardization and globalization is needed and when you can allow personalization and localization	Understand Your Program & Supply Gaps
Use the IATA matchmaking tool - to see which suppliers are compliant with NDC	Understand Your Program & Supply Gaps
Change Matrix and KPI	Reconfigure team program and supplier readiness
Specialized one team member on NDC	Reconfigure team program and supplier readiness
Change the team name and reporting line	Reconfigure team program and supplier readiness
Reconfigure the reporting tool to capture ancillaries and services (chicken and egg)	Reconfigure team program and supplier readiness
Focus on maximizing efficiencies of OBTs - push (MI, Configuration)	Reconfigure team program and supplier readiness
Define Airline SLA & KPI conversion rate of NDC offers	Introduce New tools
Implement a profile management which allows personalization	Introduce New tools



Appendix 3

The Long Term, Strategic Ideas for Travel Program Changes To Get There

In order of priority as voted by TMAG members

High Priority

Description	Supplementary Description	Grouping
Work towards always get the best possible option - know me	No more search and compare	Process
Redesign Job Role, Reporting Line, Skillset	Sustainability, mobility, adding a portfolio of skills i.e. technology, behavioral science, strategic vs tactical	Organization
Death of the RFP	Dynamic Management	Process
Ability to plug and play partners in a seamless way / Open Source Platform		Technology
Automated personalized policy application	Algorithms and rules will give you the best options and can be dynamic	Process
Airline Negotiations based upon traveler experience and NDC Driven		Process

Medium Priority

Integration of Travel & Workplace Solutions / Complete Paper Free Expense Process	Remove boundary between travel and remote working	Process
Consumer Grade Experience		Process
Personalized Services and real time support across the whole trip	Help in times of need whilst travelling/receive feed-back after trip	Process
Corporate recognition demonstrated throughout the trip	i.e. corporate recognition by suppliers	Process
Individual Traveler Metric, recognizes experience, friction and need		Process
Proactive risk management to meet tax regulatory requirements		Process
True one stop shop	Paperless	Technology
Subscription Based Program	Service levels, pricing removes the role of the travel manager	Organization
Unbundling the Travel Program Services	Price vs service offering	Organization
Consistent contextualized travel Offering	No more I found it cheaper elsewhere	Technology
Fully Integrated T&E Solution	Integrated and automated	Technology

Low Priority

Exploring alternative remuneration models	One-time fee, exploiting data to get free service, subscription payment	Organization
Full Bleisure Policy	Extend stay, bring partner, recognition of traveler wellbeing	Process
Optimized Travel Planning Process	Based upon your diaries you get the best offer available	Process
Value creation-based policy, based on return to the business	Internal meeting, economy, Business meeting, 1st class permitted	Process
Travel Policy to appeal to teenager or youngest recruit		Process
Robotics to audit what was offered is optimal	From a corporate perspective	Technology
Open to access any content from any supplier	I.E. airlines supplying hotel content etc	Technology
Corporate owned independent profiles and data management platforms	Integrate into other HR systems	Technology
Merge Order and Payment		Technology
Co-created strategy	Strategies develop between the corporate and the TMC, Airline etc	Process
All Content Omni Channel		Technology
Travel Program develop consumption strategy	Artificial intelligence powered system to construct the optimal offering from airline	Technology
Fully automated centralized content	leading from 80 to 100% compliance	Technology



**International
Air Transport
Association**
Route de l'Aéroport
33, P.O. Box 416 1215,
Geneva 15 Airport,
Switzerland.
Tel: +41 (0) 22 770 2525