**Background**

CASME RoundTable meetings on the procurement of travel for business and events were held in Singapore, Sao Paulo, Sydney, London and Boston during a period from October 2017 to April 2018. The following main topics were discussed:

- Scope and strategy
- Suppliers
- Contracts
- Technology
- Data acquisition and management
- Innovation
- Future trends.

This Digest provides the key points, good practices and insight into future trends identified by CASME members around the world. Full notes from each meeting are available on the subscriber-only Resource Centre.

**Scope and Strategy**

- Business and events travel typically represents a substantial portion of corporate expenditure. Procurement’s role is to effectively engage and collaborate with the stakeholders, in order to identify the requirements for a combined travel programme, to obtain the alignment of the strategy objectives with the corporate travel policy, as well as to define the purchasing and governance processes.
- Accurate and detailed data is essential for strategy planning. Procurement needs to work closely with Finance, to gain assistance regarding the development of the business case and the associated metrics, in order to establish support for the overall category strategy.
- A global business and events travel strategy is particularly effective for use with tier-one suppliers, as it provides consistency and alignment across the organisation, as well as the consolidation of volume, which may provide opportunities for leveraging reduced costs and additional benefits in supplier negotiations.
- Global travel management companies (TMCs) are commonly being used by organisations as a resource for resolving global travel issues, facilitating market research and providing regional and local expertise that is based on the TMC’s knowledge and relationships in various locations. In some cases, a TMC is being used for both travel and events services, although the contracts for the two categories tend to be separate.
- From a local perspective, the services provided by a global supplier may not be as satisfactory or cost-effective as those being offered by local suppliers. In countries where the TMCs are not represented, they typically partner with local travel agencies to deliver services to their clients.

**Suppliers**

- Business travel tends to be managed by TMCs, whereas events travel is often combined within the scope of event management companies or separate agencies. Where possible, a single global TMC is being contracted to fulfil both business and events travel, particularly by large multinational organisations; examples include American Express Global Business Travel, Carlson Wagonlit Travel (CWT), and Hogg Robinson Group (HRG).
- A preferred supplier list (PSL) may be established to ensure the use of approved suppliers; this requires a collaborative process between Procurement and the stakeholders.
- The provision of data by the TMCs and/or travel providers is necessary to assess the use of potential alternative options prior to contract renewal, recognising that changing to another travel management provider is likely to be expensive and will require a significant amount of change management.
- The application of a consortium buying approach is limited, due to concerns regarding the need to share the company’s strategy and information with others.
Contracts

- Supplier contracts for business and events travel services are different, primarily because the arrangements for events travel exceed normal business and accommodation requirements. Procurement takes a leading role in the development of supplier contracts, and works with Legal to examine the details and ensure compliance.
- Global contracts are often insufficiently flexible for adapting to the various types of local or country-specific legislation, regulations and cultural differences; this leads to the development of regional or local contracts that accommodate the different requirements.
- Two or three years is the most common duration for travel services contracts, with the option to extend once the initial term is complete.
- The remuneration models being applied in travel management services contracts include management fees, or point-of-sale transaction fees, and payment per full-time equivalent (FTE). The benefits of using a transaction fee model include simple management and the ability to pay service providers at either a central or local budget level. A transaction fee model reduces agency commissions, and there are no advantages for the service provider to make bookings at a higher cost than necessary.
- The employer's duty of care is an important requirement for inclusion in contract negotiations. Global TMCs are generally required to mitigate corporate risk and manage traveller safety by conducting research and audits of travel destinations, accommodation and suppliers, as well as liaising with the in-house security function to mitigate risk and eliminate non-compliant travel options.
- Corporate duty of care policies usually include restrictions on the number of company personnel permitted to travel together to the same destination, and the requirement for travellers to register their itinerary and any changes by using mobile apps to enable traveller tracking, such as the International SOS (ISOS) app and Concur's Triplt.
- The key performance indicators (KPIs) being used to measure the efficiency of travel service providers include:
  - Booking platform uptime
  - Booking enquiry response time
  - Issue resolution time
  - Escalation of issues
  - Provision of data and reporting
  - Level of data security.

Technology

- Mobile travel apps such as TripCase and Triplt are effective tools for obtaining real-time information. Their usefulness to travellers is influencing their practices and impacting corporate travel programmes. The use by travellers of new types of services via mobile apps is prompting organisations to change their travel policies to both accommodate users' requirements and address risk. Important factors such as the maturity of the service model, data security and the safety of travellers must be considered prior to incorporating online services such as Uber for Business and Airbnb into corporate travel programmes.
- Online booking tools (OBTs) provide self-service convenience for business travellers, especially if online manager approval is enabled. However, OBTs have not yet been developed to reflect consumer experiences of using public travel websites and apps, and also have limitations in accurate reporting, such as the categorisation of expenses. Organisations are encouraging OBT suppliers to upgrade their products to make them more user-friendly, while incorporating better compliance capabilities, as well as linking them to the organisation’s expense management system (EMS) to consolidate the expense reconciliation and reporting processes.
- Expense management systems, such as Expensify, Concur or Chrome River enable the accurate tracking of expenses and serve as a tool for engaging a TMC partner in managing and monitoring all business travel activities; especially if there is simple integration with the enterprise resource planning (ERP) system.
- Global distribution systems (GDS) such as Amadeus and Sabre are being used, although their functional capabilities are currently considered to be limited.
Data Acquisition and Management

- Data acquisition and management is being compromised by the lack of a single source of data; this is due to the use of multiple suppliers and systems for booking business and events travel. This makes it difficult for Procurement to obtain visibility of spend data for analysis. Expense management systems can be used to focus on details and to provide a basis for measuring the accuracy of the data from TMCs.
- A single tool may be used for each category; for example, Cvent for events and Concur for business travel, with software such as Tableau functioning as a reporting tool. The tools can be used for creating dashboards to illustrate the spending patterns and travel-related trends to budget owners.
- IT security and data confidentiality are critical considerations when contracting travel services, in order to protect the privacy of the travellers and prevent data breaches that could potentially result in substantial reputational risk to the organisation.
- The General Data Protection Requirement (GDPR) has significant implications for organisations operating in Europe, because additional levels of detail regarding personal identification and duty of care have become a requirement. Although the GDPR is applicable to European countries, organisations operating on a global basis need to consider international data exchange. The increasing introduction of legislation in other regions regarding data protection will compel organisations to ensure their compliance.

Innovation

- The most effective way of becoming a focal point of supplier innovation is to ensure the prompt payment of suppliers and their engagement in collaborative review meetings, so that the company becomes a customer of choice through the application of good business practices.
- New entrants to the market, such as Roadmap, Rocketrip and Travelport Locomote, will challenge the established travel management platforms. Rocketrip provides visibility of costs and savings to travellers, provides rewards and shared savings in the form of credits that can be divided between the traveller and the company, and can be used for gamification as well as cost management.
- The use of virtual communication options is expected to impact business and events travel strategies, reducing the requirement for journeys and logistics, and providing alternative options to in-person attendance at meetings.
- The optimisation of blockchain technology and artificial intelligence (AI), as well as the increased use and improved connectivity of video-conferencing webcasting will also significantly influence the transformation of the business travel industry.

Future Trends

- Additional marketplace consolidation is anticipated, with the larger TMCs expected to acquire smaller entities in an effort to provide additional global coverage to their clients through a centralised point of contact.
- There may be a significant impact on the marketplace if AI, predictive analytics and digitalisation are successfully implemented by some TMCs and not others.
- Automation may reduce the added value of external agencies and provide companies with improved capabilities in the management of business and events travel.

Resource Centre Links

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

Asia, Singapore
Australasia, Sydney
Europe, London
Latin America, Sao Paulo
North America, Boston.
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Important

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