

amadeus

Managed Travel 3.0:

An insight from the inside



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Coming together is a beginning;
keeping together is progress;
**working together
is success.**

Henry Ford



Foreword

Just as there is much more to the whole travel process than the booking, there is also more to business travel than the expense. In any Managed Travel programme, corporate and social responsibility and optimisation of spend remain at the forefront of corporations' minds. **Yet there is more to Managed Travel.** In a world of digital interaction, where technology, data and traveller expectations mean that freedom and control sit hand in hand, the power today is with the corporate citizen.

Change is upon us. New entrants are disrupting the norm, creating the need for significant innovation and heightened differentiation. Established players in Managed Travel are transforming themselves strategically and operationally in a bid to compete effectively in a **virtual, digital and mobile marketplace.**

This paper sets out to provide insight into what Amadeus has termed **Managed Travel 3.0.** It will address both the technology trends that are shaping traveller and industry alike and the players in the Managed Travel ecosystem and their evolution potential. The leading travel management companies (TMC) will set out their view of Managed Travel 3.0 and how they are preparing themselves for the new norm.

Now is the critical moment for TMCs to reflect on the path they will take. **Managed Travel 3.0 is here: it is all about the corporate citizen, the interaction and the experience Managed Travel can create.** The future is bright and is set to get brighter for corporations, corporate travellers and their travel management companies.

Welcome to Managed Travel 3.0. Enjoy the journey.



Arlene Coyle

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Section 1

Managed Travel 3.0 is here





Managed Travel was never about the booking. It is, however, about the service and is set to become **even more about the traveller**: the traveller is shaping the future of Managed Travel. This focus on the corporate citizen will result in a shift from a business-to-business, channel-centric approach to a customer-centric offering greatly enabled by technology.

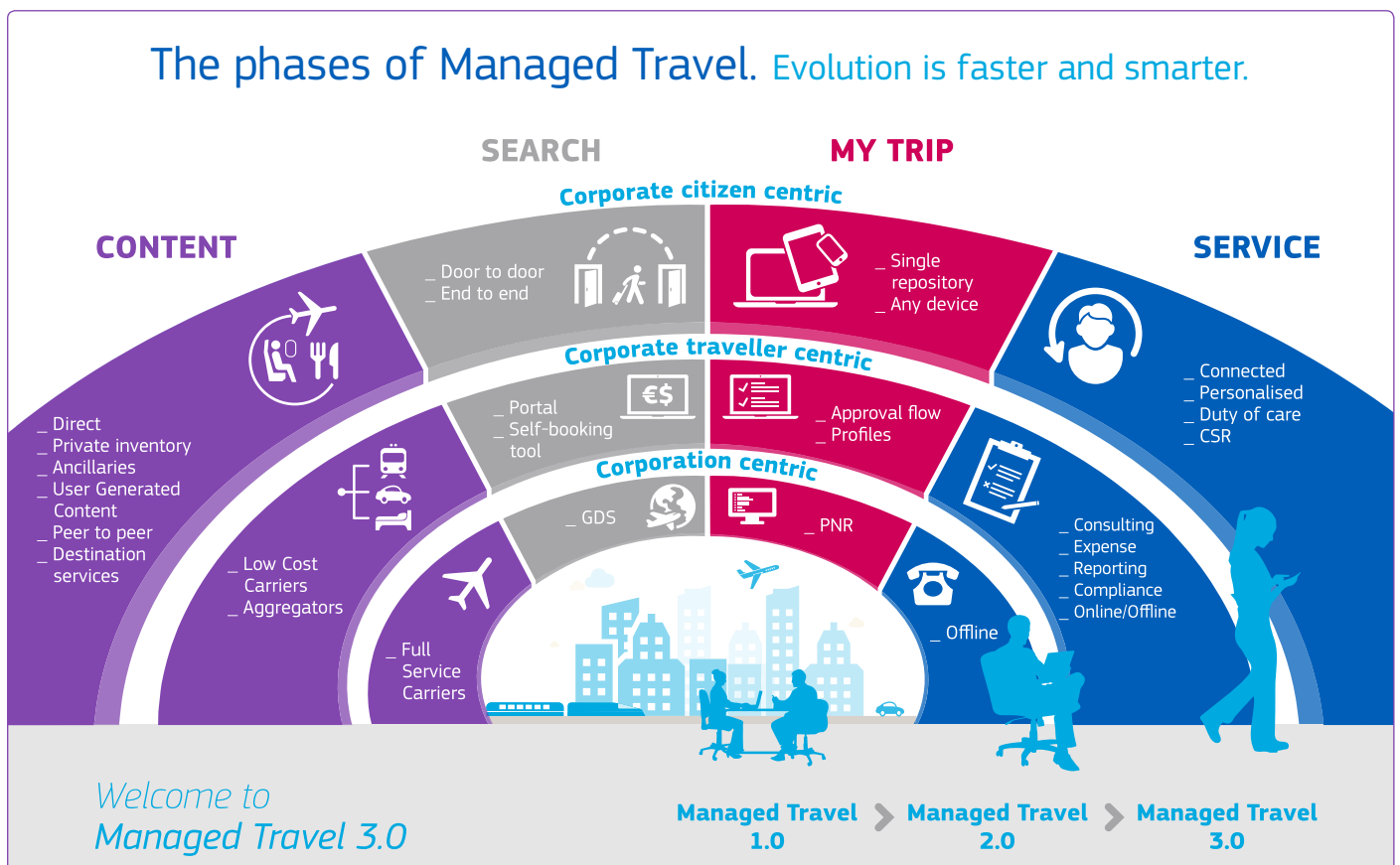
It is already a tall order for a TMC to provide service in a world where there is an expectation of more value at lower cost, more independence yet more compliance, while still ensuring duty of care responsibility. Now on top of that comes the anticipation of a personal and contextualised experience across multiple booking channels.

Little by little, industry players have moved from **Managed Travel 1.0**, a single, corporate-driven policy and offline servicing model, to **Managed Travel 2.0**, where self-booking technology, approval flows and the advent of consulting as a service have kept the scales in balance. Now, as the worlds of leisure and business travel collide, often referred to as *bleisure*, a new, more complex landscape is emerging – **Managed Travel 3.0**, and this will require a different customer-supplier engagement.

“The future of Managed Travel is about the traveller and making the experience seamless for them via desktop and mobile”, says Vice President Egencia, supplier relations & consulting, Europe, Germain Huber.

There is no doubt that the rules of the Managed Travel game have changed: the playing field is far from even, traditional players are having to learn from retailing giants and technology is transforming the offering and expectations.

In Managed Travel 3.0, the corporate citizen will **grasp their travel destiny**, using mobile, merchandising and personalisation to interact, transact and make their requirements known. The business traveller will be more solicited, more connected and more informed than ever before.



“Think about how many organisations there are in the world that buy business travel. And consider that each has its own individual nuances of corporate culture and business needs – not to mention geographies, industry sector, demographics and more. That gives some idea of the variety of responses to a concept such as Managed Travel 3.0. One thing’s likely; it will be a challenge for travel buyers, partly because many are still dubious about Travel 2.0!”

Paul Revel, Editor, *Buying Business Travel*



Section 2

Technology – the key to 3.0





Technology will be a key driver and enabler of Managed Travel 3.0. In this new world there will be higher user engagement and greater expectations. The use of mobile, the application of data to support predictive and personalised interactions, digital payment, together with new means of accessing or using content, all spell out that we are on a path to change. Key decisions about investment in technology are being made.

“As the pace of technological change accelerates, so does market readiness for new ways of buying, managing and experiencing travel. In this increasingly connected world, the role of the TMC continues to evolve and we are helping clients to navigate these changes, providing new technology, as well as ensuring they see all the benefits from the data that these new tools deliver”, says David Moran, EVP Global Marketing & Enterprise Strategy, CWT.

This view is shared by CIO of Hogg Robinson Group, Bill Brindle: “Technology will play a defining role in the future of the travel industry, as both an enabler and a driver. Organisations and their travellers will demand greater user experience, no boundaries to accessing their travel and expense environments, and total security around bookings, payments and data”.

“At last, point of sale and self-booking tools will talk to each other, working with the same content, allowing self- and TMC service to become seamless. **Managed Travel 3.0 will occupy a digitised space and access to it will not be device dependent**”, he says.

“At Hogg Robinson Group, we have worked hard and invested significantly to ensure our businesses are well placed to meet and exceed the demands of our clients against a backdrop of fast evolving technologies. We anticipate that this will continue, with the only change being the pace of invention, adoption and security acceptance”.

In a nutshell, where technology will be the influencing factor in travel management, it will be the travellers who will define their requirements and how those are met.

2.1 Mobile leading the 3.0 wave

Mobile is by definition a communication channel but it is also a means to cross-sell, upsell, service and interact with the traveller at each step of the journey. Mobile, in particular smartphones, allows the traveller and the TMC to move beyond the traditional booking to create a truly connected travel experience, pre, during and post trip.

According to a study by Phocuswright in 2014, mobile devices are now the source of 20% of all online travel spending, meaning that one in every five dollars spent comes from smartphones and tablets.

If the predictions in the *Ericsson Mobility Report 1Q15* materialise, 70% of the world’s population will have a smartphone by 2020. What this means for Managed Travel 3.0 is that **TMCs may not have a choice if they are to compete for traveller spend**. They will have to invest if they want to retain control over and influence the traveller in the new hyper-personal and contextual, connected world of smartphones and travel.

“Expect the 3.0 traveller to leverage mobile to become much more self-reliant”, says head of mobile for Amadeus Michael Bayle. “One-touch access to alternative flights during disruptions will be the norm, as will directly rebooking on a device. But **where things get really exciting with mobile is location awareness**. This will continue to be mobile’s key benefit in bringing a new travel experience to the 3.0 traveller, be that through connecting with colleagues in the most efficient and cost-effective way such as to enable ride sharing or making use of destination services. Whatever happens, the 3.0 traveller will expect seamless integration across standalone apps, as we are beginning to see with Uber and Hilton, for example. The TMC can benefit only by embracing the opportunities mobile can offer”.

Apps will soon encourage social sign-in to add to the traveller’s corporate profile and other information about **who we are**. Current and historical geo-location information will be shared with eco-system partners to make apps more relevant to **where we are**, with location-specific information, advertisements and offers that are most likely to prompt a ‘tap’.

However, the spotlight will be on **why we are** there at all. And this is where **TMCs can gain a significant edge over those vying for their territory**. TMCs are the first to know a traveller’s itinerary, they know the traveller profile, what their travel history is and what the policy (in whatever shape or form) allows you to do. **In Managed Travel 3.0, there is a golden opportunity to keep the traveller engaged in an end-to-end app experience.**

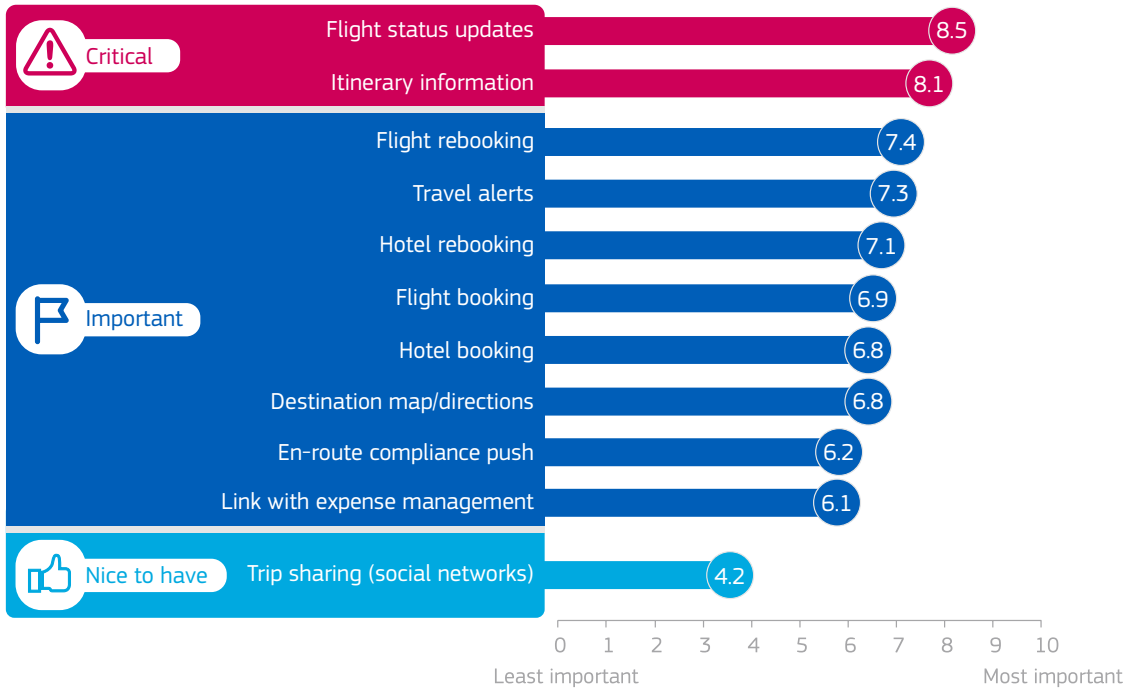
Yet it is early days, as a study undertaken by Key Travel shows. “Our recent research among more than 1500 travellers and travel bookers suggested that only 2% to 3% of respondents book their business travel via a mobile device”, says group marketing director John O’Sullivan. “Now, they want itinerary information and travel alerts and we have partnered with Amadeus to deliver that via mobile. However, that picture is set to change: in 18 months’ time, 20% of respondents saw themselves booking travel via their mobile phone or tablet”.



This upward trend is also reflected in a report from the CWT Travel Management Institute, where the role mobile will play is also clear in the minds of corporate buyers, as the tables below show.

Travellers distinguish between three categories of mobile features:

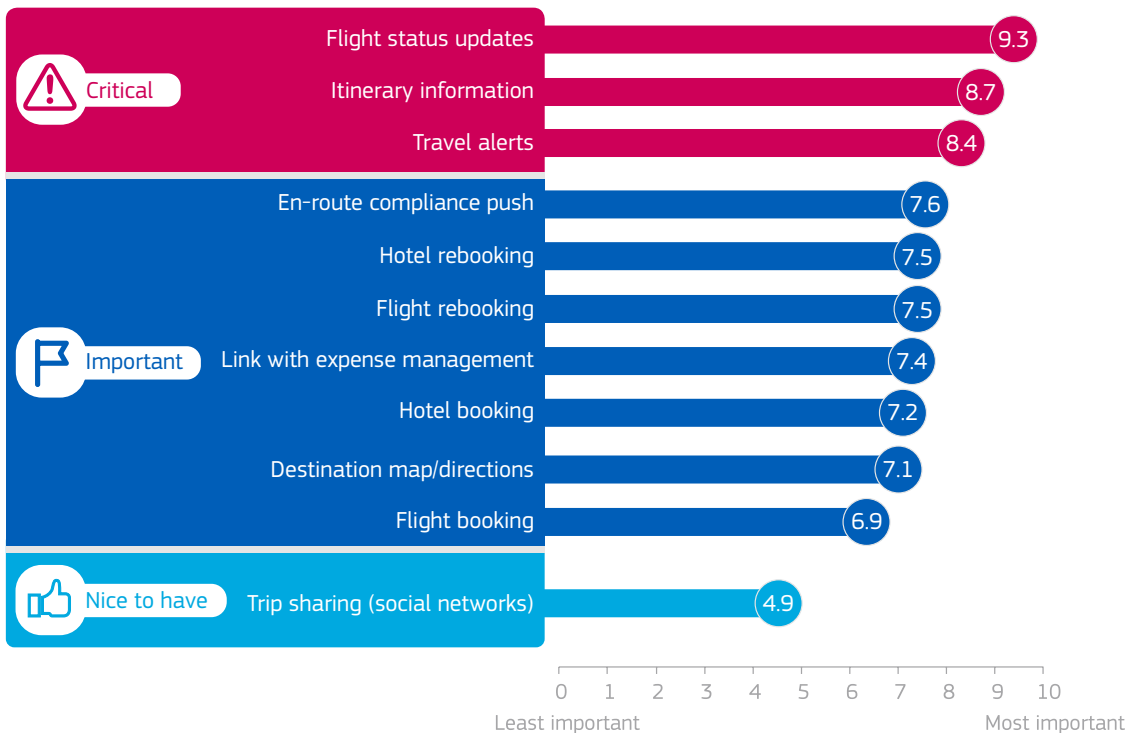
On a scale of 1-10, how would you rate the importance of the following mobile services?



Source: CWT Travel Management Institute. Based on a global survey of business travellers (1,804 respondents), 2014

Travel managers' rating of mobile features:

On a scale of 1-10, how would you rate the importance of the following mobile services?



Source: CWT Travel Management Institute. Based on a global survey of corporate travel managers (170 respondents), 2014



“Travellers are shaping our travel programme”, says head of global travel for Boston Consulting Group Gehan Colliander. “We have come a long way since the pure user interface look and feel and are now taking into consideration the overall user experience.

The global mobile strategy we are developing and implementing using Amadeus technology is an impeccable step in delivering a personalised travel experience in accordance with business needs”.

In Managed Travel 3.0, **today’s features will fade into insignificance**, as the next generation takes over. Now, mobile check-in, travel alerts, information, in-policy search and book are among the facets travellers want and get. Tomorrow, a boarding pass will be in Passbook or its equivalent; an app will pre-book an in-policy alternative flight in the event of disruption; maps and tips on how to get to our destination will be pre-loaded onto phones; an app will propose what fellow business travellers have booked or enjoyed to make the perfect trip and we will be able to see their reviews and even chat with them.

As a result, they will keep the focus, cost savings and revenue opportunities within the traditional travel ecosystem, rather than losing them to the new players who are fighting for a slice of the action.

Mobile – and this is particularly true in travel – has forever changed the way we transact and interact. Mobile is set to play a key role in Managed Travel 3.0 and **TMCs will be expected to stake their claim. Crucial to that will be mastering the complex juncture of what is good for the TMC, the corporation and, in particular, the traveller.**

2.2 Content in 3.0 – relevant and discrete

The age of the expert is upon us. Everyone has become a travel consultant and opinions count. User generated content (UGC) is here and is driving a more relevant and personalised travel programme. The industry is rife with examples, from TripAdvisor to RouteHappy to SeatGuru, where suppliers are seeing their strengths – and weaknesses – paraded in the mobile marketplace, **allowing travellers to make informed choices.**

Across travel, we are also seeing all kinds of new content emerge: glamorous camping vacations (glamping), car share services, allowing participants to borrow cars from owners (Getaround) and even eating a home-cooked meal in someone’s kitchen (Feastly).

The sharing economy players in particular such as Airbnb and Uber have been keeping the naysayers busy as they make **Managed Travel their new playground**. According to the Phocuswright *Traveller Technology Survey 2014*, 13% of business travellers used a car or taxi service hailed through the likes of Uber, with 7% using a ride sharing service; and 1 in 5 business travellers used a room rental service in 2014. So while these shared economy players raise a number of questions around security, duty of care, payment and regulation, they are here to stay and we expect them to disrupt the Managed Travel marketplace.

This is evidenced by Airbnb’s launch of a pilot business first programme in the San Francisco Bay Area to “help hosts tailor their listings to business travelers”, according to an article in Tnooz published in July 2015, which also states that among the requirements to be a ‘business ready’ host, user properties must meet criteria such as: room type includes use of entire home, 24-hour access to keys on check-in day, no smoking, Wi-fi, essentials (loo paper, clean towels, fresh linens), shampoo, iron and ironing board, hangers, hairdryer, tea and coffee, fresh, filtered or tap water, laptop-friendly work space, smoke detector, carbon monoxide detector.

The hosts must also operate to the following standards: no cancellations of confirmed listings within 7 days of reservation, 90% response rate within 24 hours, at least 60% of ratings for cleanliness should be 5 stars, at least 60% of ratings for listing accuracy should be 5 stars, at least 60% of ratings for reviews should be 5 stars.

Perhaps more interesting is the industry reaction to the Airbnb move evidenced one month later by Business Travel News who reported that 500 companies had signed up to Airbnb’s business first programme within 24 hours of its launch **listening to the concerns of the corporate buyers**. The new tools allow travel managers to see employee bookings and itineraries at Airbnb properties, export company financial data and reports in real time, and to centralise billing. Currently business bookings make up 10% of Airbnb revenue.

And some players are already thinking of the effect this will have on them. “Integrating new services such as Airbnb and Uber will be vital”, says Key Travel’s John O Sullivan. “Many of our travellers don’t hesitate to try something new but there’s some caution from their employers around duty of care and travel policy compliance. Our role is to work with early adopters and share their experiences with their sector peers to help find the balance between flexibility and control”.



2.3 A 3.0 predictive and personalised experience

Customisation is already influencing the world of today's travel. With the wealth of data available today, **it is no longer acceptable not to know your traveller** and TMCs are uniquely positioned to offer personalised and predictive options to their clients.

Yet the industry is falling way short of expectations – there are countless opportunities to offer more. FCM's global leader Gregory Lording sums it up: "Business travellers are no longer simply travelling and working – they want to get out and experience the city they are visiting. This has had a notable impact on the corporate hotel programmes that procurement teams are building which are showing a shift from simply functional to programmes that cater for comfort and entertainment".

As the 3.0 traveller seeks unique experiences, travel intermediaries are **working hard to exploit the ability to sell better** to the traveller at every step of the travel process.

Data science and the ability to extract and make intelligent use of data are key in today's world. Understanding past behaviour, traveller profiles and traveller preferences are central to creating a relevant, contextual and even predictive experience. **In 3.0 data analytics will drive the travel experience.**

"Where customisation used to mean sorting clients into segments and tweaking the way those broad groups were approached, it now involves making judicious use of increasing amounts of personal data to consider every customer as a market of one with a unique set of needs and preferences", says CWT's David Moran.

OLSET founder and CEO Gadi Bashvitz has long understood the potential for predictive travel bookings. In ten years of managing product and business development in the corporate software world, Bashvitz has travelled more than 2 million miles. "We have a long way to go in personalising travel", he said in a recent interview with Amadeus.

"Whenever you travel for business, your travel providers will soon start using all the data they have about you to personalise and automate the booking process for you. You will no longer have to sift through hundreds of options that are not relevant for you and do all that tedious research, but instead will see only flights, hotels and other travel services that match your preferences, along with an explanation of why each offer is a good match for you and are within corporate policies. This will enable you, as a traveller, to make more informed and quick decisions".

And Bashvitz thinks **further development is within reach**, "What about knowing someone's need to travel before they dictate it?" he suggests. "Imagine accepting a meeting invitation in another city and spontaneously getting a recommended itinerary from your TMC for those dates in that city, complete with flight and hotel bookings. OLSET tools inject this level of personalisation into any

TMC's system and travellers are enjoying being recognised and the significant time saving".

Amadeus's vision of the future supports that of Gadi Bashvitz.

One sector that has understood the competitive risks and is ahead of the game when it comes to personalisation and the ability to create a true travel experience is the **hotel industry, where examples of the 'market of one' are abundant**. At smart hotel Schani in Vienna, guests can book a specific room and choose amenities, which are configured in the room for their arrival. The property was developed with the FutureHotel team at University of Stuttgart's Fraunhofer Institute for Industrial Engineering.

In the conceptual smart city at the institute's Urban Living Lab, the FutureHotel recognises new visitors and pings their smart watch to remind them of the room and floor they booked. There is no check-in, and on leaving the lift, lights guide guests down the passage to the right door, which lights up and opens itself on recognition of the guest's watch.

The hotel also knows the guest enjoys using the spa and pings the watch with information about treatment offers, plus the ability to book the communal work space in the lobby.

Answering to an ever-heightened awareness of the need to stay healthy and fit, IHG's EVEN Hotels takes a holistic approach to business and leisure guests' wellness needs at a mainstream price.

"IHG's research shows that there are 17 million travellers who want hotels to help them accommodate their healthy lifestyle needs", says head of EVEN Hotels Adam Glickman. On arrival, guests will be directed to a Wellness Island, where an employee will hand them cool or heated hand towels, depending on the season, and a cup of water with a slice of lemon or lime. They can forgo the traditional room key card for a bracelet that serves the same function and which they can wear while running.

"Wellness isn't a one-size-fits-all. It's not just about building a super gym or a small spa. Wellness is about balance", he says.

Head of Travel Intelligence at Amadeus, Pascal Clément sums up: "As the industry becomes ever more complex with more channels, partnership relationships, cross-selling, unbundled products and travel retailing, a modern approach to data science can deliver the intelligence required to make sense of an offer that is 'contextually aware'. Travellers are telling us what they want through each interaction but only now can we listen, interpret and respond in an instant. Powerful business intelligence is enabling us to deliver that experience".

The much vaunted personalisation long promoted by concierge services is about to be elevated to a new level and this will become the norm from all suppliers, starting before the traveller even leaves home. **The game has changed.**



Amadeus Total Customer Experience

Our vision for predictive and personalised travel





2.4 Merchandising and consumerisation in 3.0

Although the prospect of open booking raised industry hackles over a channel shift, it is clear that the basic premise still rings true: travellers are booking outside the remits of policy while on the road; call it open booking or going your own way... but **corporate citizens are seeking what they are not getting in the traditional Managed Travel environment.**

Yet thinking like a retailer is not really in the DNA of Managed Travel companies. Recommendations, interaction and self-service, together with a positive user experience, are all elements of the retailing and merchandising worlds that will enter Managed Travel. The blurred lines between corporate and personal, leisure and business, will raise a number of considerations for corporations and for TMCs, as they evolve to meet the new culture while still doing what they do best.

“The primary role of the travel management company will always be to manage the travel policy as determined by our customer. However, as part of the global travel company Flight Centre Travel Group, FCm has adopted some retail practices to suit the business customer”, says Gregory Lording.

“Taking this approach and leveraging these practices is what sets us apart from other TMCs in our journey to become the world’s first Business Travel Retailer”.

In a merchandising world, the rules that have worked in the world of corporate travel – data capture, duty of care, supplier relationships – will need to be adapted but there are opportunities to do more.

Hogg Robinson Group’s Bill Brindle recognises the changes consumerisation will bring on all sides of the supply chain: “Purchasing models will become more yield based, as airlines and hotels get to know where, when and how their corporate clients book and stay. This will enable more bespoke offers up front, based on client loyalty and deal status, rather than offers at check-in”, he says.

Shaping the future traveller journey.

As corporate citizen purchasing habits evolve, travel providers need to respond and build a more rewarding and connected traveller journey, from ‘inspiring to arriving home’. Implementing appropriate solutions and services at each stage of the traveller journey will be crucial to success. The following chart provides examples and potential benefits of various strategies to shape the future traveller journey.





So in the world of Managed Travel 3.0, where ancillaries and fare bundling are a swipe away, tailoring the experience at different stages of the journey, whether that is pre- or on-trip, creates huge opportunities for all Managed Travel players, as *Building a more rewarding journey*, commissioned from Frost and Sullivan by Amadeus, shows.

Egencia has clearly understood the value of customer needs and the opportunity for interaction along the journey. “At Egencia, we gained some experience in merchandising before the distribution of ancillaries matured”, says Germain Huber. “For example, we have long been displaying air fares according to flexibility. Our hotel display also highlights services through icons, building differentiation other than through pricing”, he says.

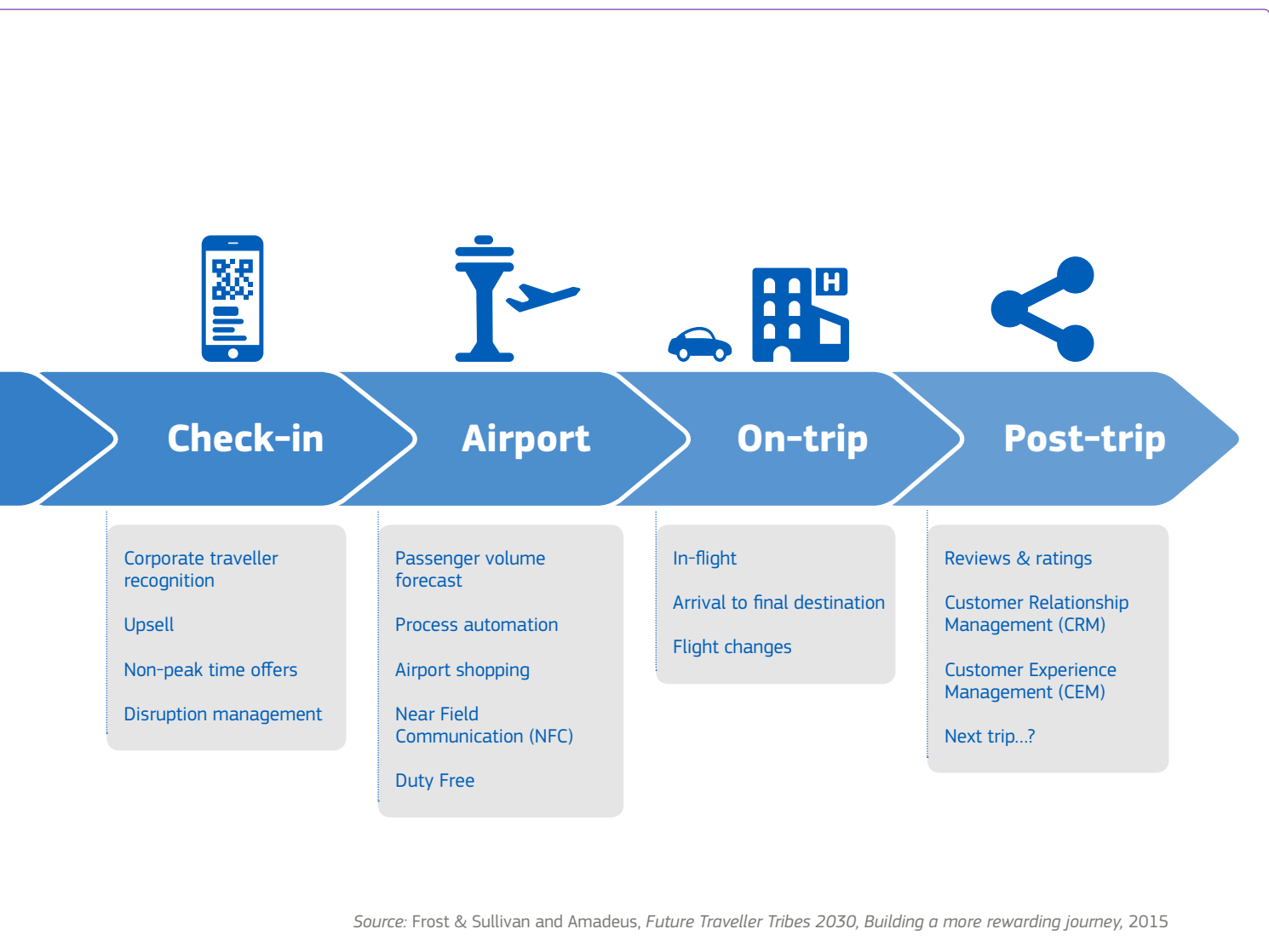
But what is equally clear when talking with Huber is that **such engagement requires interaction within the whole travel ecosystem.**

“We believe that collaboration among all players across the travel ecosystem is key to delivering a personalised experience and we work closely with GDSs to sell ancillary services such as seats and bags as part of our standard value proposition”, Huber says. “We also join forces with airlines but there is room for deeper cooperation so that we serve our clients efficiently”.

Closer relationships between suppliers will allow all parties to provide a better, more creative service to business travellers, who will expect them to know their preferences and get bespoke offers right first time. The consumer is king.



Some elements of Managed Travel 3.0 will be welcome: the benefits offered by visibility of end-to-end trips – visible savings opportunities in terms of total cost of trip, man-hours, productivity; and the efficiencies enabled by single sign-on and seamless booking processes across multiple devices. But other aspects will be approached with trepidation: increased direct marketing, merchandising and personalisation”. Paul Revel, Editor, Buying Business Travel





2.5 Digital payment in 3.0

The third-party payments that TMCs handle for clients have traditionally not added significant value and in many cases added cost in the travel process. However, Managed Travel 3.0 is changing the status of payment from a back-office substratum to an engine for value creation.

As electronic payments increase, the opportunity for corporations and TMCs to track and control spend also increases, making the adoption of innovations like virtual cards a commercial imperative for non-traditional travel content.

Over the past 10–15 years, we have witnessed advances from the consumer world move into Managed Travel, not only in online booking and mobile consumer devices but also in payment, which has matured, evidenced by the adoption of virtual cards.

In a recent survey, GBTA found that 20% of travel buyers in the US were using single-use virtual cards – a significant increase on last year's 13%.

The growth of virtual cards (VCC) in the past few years has revolutionised digital payment. They have facilitated the ability to adapt to the 3.0 world: a unique card number is generated each time they are used and they can be defined by a per diem allowance or configured for single use such as the cost of one night in a hotel – one card catering for all requirements and providing detailed management information.

When it comes to the growth of non-traditional content, **the 3.0 traveller needs more than a flight**. He needs a hotel, a taxi, a rail segment, dinner at a restaurant and many other items for which there is no agreed process for payment. Currently, most travellers pay out of their own account and reclaim expenses. But as more content becomes bookable through electronic platforms, there is an opportunity for payment to become an automated part of the process, executed directly by the corporation or the TMC.

This brings some interesting benefits for travellers, who do not end up out of pocket, nor do they need to spend time completing expense reports; and the corporation gets better data on travel spend. In addition, crucially, **this payment loop creates a strong incentive for employees to book as much of their travel within the remits of the corporate travel booking environment**.

Offering these services to the 3.0 traveller and new customer segments is also a big opportunity. When serving smaller corporations, TMCs can act as the merchant of record and can leverage their buying power with suppliers to give customers access to negotiated fares, adding significant value, while still earning a mark-up.

“There will be more emphasis on card and closed digital payments, enabling greater expense management, and reporting based on aggregated data will be critical to ensuring that client requirements are met”, says HRG's Bill Brindle.

But beyond the virtual card, the world of payment is already evolving, driven by regional needs and technology adoption. Alternative methods of payment are already gaining traction in the consumer marketplace and as emerging markets and new travellers begin their travel experiences be that leisure or in Managed Travel space, **expect to see further creative and virtual processes come into play**.

In China, for example, the most popular form of non-cash payment is not a credit or debit card, it is virtual wallet Alipay. With the introduction of mobile payment options such as Apple Pay, available on iPhone 6 and iWatch, travellers may in future be paying for a client dinner with a swipe of their watch. Cashless or creditless travel may be closer than we think.



There will be more emphasis on card and closed digital payments, enabling greater expense management, and reporting based on aggregated data will be critical to ensuring that client requirements are met”.

Bill Brindle, CIO, Hogg Robinson Group plc



2.6 A virtual and connected 3.0

We could summarise Managed Travel 1.0 and 2.0 under one common theme – **Simple UI, Instant and Automated** – where the use of existing and adopted technologies simplify user interaction and optimise business processes and experience through automation.

Managed Travel 3.0 has moved us into the realm of **Personalised, Seamless and Always Connected** and while much of 3.0 is already within our reach, at the periphery is a much more sophisticated world, which we define as **Virtual and Collective**. This will create even more opportunities for innovation in travel.

Tomorrow, business travellers will expect their devices to act as their virtual travel assistants with holograms to ease and influence the decision-making process. Applications such as Apple's Siri, IBM's Watson, Google Now and Microsoft's Cortana will become increasingly intelligent and provide the business traveller with a virtual assistant (VA) that can not only predict the next stage in travel but also recommend alternatives and side activities.

The VA will already know from the traveller's agenda that she has a meeting and where she needs to get to. It will give hotel and restaurant options in the vicinity that meet her preferences and it will be able to search for the best airport transfers. **Human intervention will be of limited use** while a VA offers a personalised business trip that covers all stages of travel.

Even further in the future, virtual assistants will know so much about the user, they will recommend personalised travel and activities to match their preferences. Not only that, they will tap into information about other users with similar interests. By exploiting such collective intelligence sources, VAs will be able to predict our travel preferences, not just based on historic data but by taking into account our mood, social situations and trends, economic factors and even experiences we might have forgotten. At some point, we might rely completely on our virtual assistant and **let it plan our travel autonomously and surprise us**.

The Internet of Things (IoT) will also affect travellers. With everything connected – the goods we have, the objects we use, machines, buildings, cars, even entire cities will be connected through sensors – the possibilities are infinite. For example, airlines will save money and prevent delays by replacing parts before they fail and handle-connected luggage will never be loaded on to the wrong plane.

This technology will also allow airports and hotels to send passengers/guests personalised information or offers based on time and location. It will allow taxis and shuttles to pick up passengers for transfers at exactly the right moment by using traffic reports, flight delays and weather conditions to calculate the fastest and most cost efficient route.

Managed Travel will also come under the influence of IoT. "The Internet of Things is clearly going to have a big impact on the travel industry in general and Managed Travel in particular", says co-founder & CEO of Bluesmart Inc. Diego Saez Gil. "As we insert sensors and computing into things, we will be able to gather highly relevant data and trigger appropriate actions automatically".

"For example, at Bluesmart, we are embedding this technology into luggage and our apps give business travellers the ability to obtain automatic travel reports that we combine with travel itinerary data. As we connect with third party APIs and software services, we will be able to integrate parts of Managed Travel into the seamless experience that Bluesmart users enjoy", he says.

"We are at day one with the Internet of Everything. Billions of connected devices around the world generating immense data will open up possibilities that we can't even imagine yet. Travel is a very fragmented experience and we believe it is time to **connect the dots**", says Saez Gil.





Section 3

Regions and their influence on 3.0





The latest research from Amadeus, *Future Traveller Tribes 2030*, looks at the traveller of the future and how their requirements will transform over the coming 15 years. It addresses how the travel industry will market and sell its products, dividing travellers according to their values, beliefs and consequent behaviour.

The report predicts that by 2030, there will be an additional one billion people in the world, 20% of whom will be travelling. Travellers from Africa will come from a wider spread of nations and Asia Pacific, Latin America and Africa will be the fastest growing markets. As a result, European and North American carriers will carry just 38% of total air traffic by 2033. An emerging middle class with unique needs will mean millions of people from emerging economies will fly for the first time and that Managed Travel will continue to grow.

If the economies of Mexico, Indonesia, Nigeria and Turkey, as well as those of China and India, continue to rise, it is plausible that the regional players with a global vision and a deep understanding of their customers' behaviour and expectations will emerge as the new corporate giants, leapfrogging legacy systems and established players.

FCm shows a clear grasp of this potential: "As a result of our blended multichannel approach, using our mobile app where relevant, we offer products to travellers who are ultimately serviced by our local expert agencies. This has led to a considerable increase to our attachment rate", says Gregory Lording.

"Take the example of an executive from an Asian organisation, who is travelling to Europe for two weeks. He will be contacted by our London office, offering him a tour that suits his agenda, based on his travel itinerary, past experiences and preferences".

Understanding what people are likely to want and when will be key to satisfying the new global travellers. As a result, we may expect to see **one of two paths develop in Managed Travel:**

- _ TMCs will operate regionally with comprehensive local expertise, content and understanding of the market, cultures and technology, which will be able to serve these corporations regionally and globally;
- _ TMCs will create deep ties or acquire established players in these regions to deliver the differentiation and specific requirements of the travellers.

"We live in what experts call the 'Asian Century'", says President of Amadeus Asia Pacific, Albert Pozo. "If the current growth track continues, by 2050, Asia's per capita income could match, or even surpass, that of Europe and other Western markets. But it is not just economic growth that will drive Asia forward at breakneck speed: geopolitical, social and technological changes will also have a fundamental effect on the region, shaping new trade and business practices".

"This is where technology plays a winning hand. The emerging millennial business traveller, for whom smart phones, social media and even virtual reality are the norm, **expects travel to be as seamless and personalised as all other aspects of their online retail experience.** Amadeus is unique because we connect the dots across the entire travel ecosystem, from flight to hotel through car rental, rail, payments and travel intelligence. We continue to invest in technology and solutions that enable the success of Asia Pacific travel players, and have done for many years, meeting the needs of all types of travellers today and into the future".



Just as travel management companies are making choices about where to invest, travellers will make choices about travel – saving on air travel and accommodation to spend on activities; being less reliant on travel agents and receiving the agent’s service via mobile with more personalised recommendations.

Although these new travellers, will take for granted what technology can do for them and what they can do with it, it is

important to **strike the balance between technology and human service** – the human factor is not dead and is crucial to the bespoke travel experience. And this personalisation will drive travellers to become increasingly competitive in their desire for unique, distinctive experiences, to ensure the travel whole is greater than the sum of its parts.

The graphic below tells the story.

What will the world look like in 2030?



The median age of the global population will rise from 29.6 to 33.2 years



Embedded sensors that capture “biosignals” represent a step forward in customer understanding



Wi-Fi will be truly ubiquitous and 5G will have arrived



Social media use is expected to reach 80-90% worldwide



Hotels and airlines will offer immersive “previews” of their services through virtual reality technology



Roles that were once filled by human workers will be staffed by search algorithms, robotic bellhops, cashless payment systems, virtual customer service avatars and fluid biometric processing systems

Source: Future Foundation, *Future Traveller Tribes 2030, Understanding Tomorrow's Traveller*, 2015



Future Traveller Tribes 2030

Understanding tomorrow's traveller: six new traveller personalities

Obligation Meeters

have their travel choices restricted by the need to meet some bounded objective. In addition to business travel commitments, these obligations can include personal obligations such as religious festivals, weddings, and family gatherings. Business travellers are the most significant micro-group of many falling within this camp.

Although they will arrange or improvise other activity around their primary purpose, their core needs and behaviours mainly are shaped by their need to be in a certain place, at a certain time, without fail.

Simplicity Searchers

value ease and transparency in their travel planning and holidaymaking above all else, and are willing to outsource their decision-making to trusted parties to avoid having to go through extensive research themselves.

Ethical Travellers

allow their conscience, in some shape or form, to be their guide when organising and undertaking their travel. They may make concessions to environmental concerns, let their political ideals shape their choices or have a heightened awareness of the ways in which their tourism spend contributes to economies and markets.

Reward Hunters

focus on self-indulgent travel that will often mix a focus on luxury with self-improvement and personal health. The seeking of 'reward' for hard work in other areas of their life is what motivates them. They are looking for luxury experiences that are several notches above the everyday.

Cultural Purists

use their travel as an opportunity to immerse themselves in an unfamiliar culture, looking to break themselves entirely from their home lives and engage sincerely with a different way of living.

Social Capital Seekers

understand that to be well-travelled is an enviable personal quality, and their choices are shaped by their desire to take maximal social reward from their travel. They will exploit the potential of digital media to enrich and inform their experiences and structure their adventures with the fact of their being watched by online audiences ever in mind.



Section 4

Strategic vision





There are many avenues to Managed Travel 3.0 and no right or wrong way to get there. The differentiation capabilities and technology choice are endless. Just as new entrants will not play by the old rules, not all players will follow the same technology paths towards a multi-channel, end-to-end travel experience.

As a result, consolidation, acquisition or divestiture is likely in Managed Travel, and where to invest will be key, as players **compete to be different**.

We expect the main providers at least to move towards an extension of the traditional service provision in a multi-channel approach with new economic models based on merchandising, retailing and IT.

The critical uncertainty lies in whether they will focus on one model or try to diversify into each. As can be seen below, some TMCs are already exploring the options, which range from niche specialism, making it difficult for competitors to match levels of expertise, to broad expansion into services that run the gamut of travellers' requirements, making providers indispensable to each other and to the traveller.



TMCs as IT, consulting and service providers

TMCs will look to **strengthen their offering** as technology integrators to deliver efficient end-to-end solutions to their customers (OBT, Mobile, GDS, Duty of Care, Expense, BI, Payment), ensuring they retain a strong position in the value chain, creating differentiation and resulting in a model that is more IT based.

The stakes are already being set: "We have invested significantly to ensure our businesses are well placed to meet and exceed the demands of our clients against a backdrop of fast evolving technologies. This will continue – the only change will be the pace of invention, adoption and security acceptance", says HRG's Bill Brindle.

"When Hogg Robinson Group acquired the remaining shares in Spendvision in 2012, our vision was to create a cutting edge service that is of outstanding benefit to existing and new clients by combining a successful company that specialises in payment and expense management with our existing expertise in travel".

"We created global technology business Fraedom from HRG Technology and Spendvision", says Brindle. "A number of HRG and Fraedom clients is already benefitting from end-to-end travel and expense management, providing effective control of this large area of corporate spend. Our objective is continued integration, enabling easier procure to pay processes".



Creative partnerships

The move to the future and Managed Travel 3.0 will also see the forming of once **unthought-of partnerships**. We expect to see IT companies facilitate collaboration between TMC, corporation, airline and airport, all cooperating to the benefit of the traveller and each retaining a defined slice of the value they provide.

When considering increasing regional importance and the evolution of mobile or virtual payment, particularly in emerging markets, we may expect to see more of a network model emerge. This would ensure a more relevant presence around the world with adequate in-market expertise, in-sight and focus (e.g. Radius), leading to global programme adoption with a local flavour.

Key Travel, which specifically supports the not-for-profit humanitarian, education and faith sectors, recognises the distinct needs of these customer groups, and understands the impact of regional differences.

"Faculty staff such as professors, senior lecturers and researchers are independent thinkers and often have clear preferences in how they travel and where they stay", says John O'Sullivan. "Similarly, many people working within humanitarian organisations are independent, adventurous, caring people who enjoy travel and relish their work. They often work in high-risk and remote places".

"We need to balance their requirements as travellers with the economy, safety and consistency demanded by their organisations. In addition, we need to prepare for tomorrow's needs today".



Differentiation through specialisation

TMCs clearly have a foot in the door but now, they have an opportunity to **tweak their offerings** to create specialisation in a particular segment. Shifting towards verticals such as marine, offshore, government or pharmaceutical will be another way for them to recreate value.

Looking at energy and marine, most of the global players have already created stand-alone units dedicated to this segment: skilled staff, unique proposition, global IT platform, standard processes and 24/7 servicing. It is a natural extension of existing TMC capabilities.



“HRG has always had a solid business supporting clients in energy and marine but by investing more in the sector, we have been able to exceed the expectations of clients in this tough and demanding environment, where travel planning is never straightforward”, says Bill Brindle.

So while TMCs move into areas of expertise, the specialists look to reinforce their uniqueness and value-add by incorporating additional services and content relevant to these particular segments through partnership or vertical integration. “When targeting a niche segment, one has no choice but to deliver customisable solutions and become a regional expert”, says president of Global Marine Travel Tim Davey. “We are close to our clients geographically and through our parent company Inchcape Shipping Services, we have offices in 46 countries whereby we can assist our clients with any type of travel request”.

For humanitarian organisations, duty of care is mission critical and travel budgets are tight and carefully monitored. “Global distribution systems and Amadeus in particular give us total visibility of travellers’ itineraries and access to dedicated humanitarian fares and conditions”, says Managing Director, Bart Kruijsen. “For Raptim Humanitarian Travel, Amadeus is an integral part of the global humanitarian travel community”.

“While we are embracing Managed Travel 3.0 trends and evolving our content offering to be more relevant to the needs of our humanitarian travellers such as base-camp accommodation management, **getting the basics right is crucial** to delivering quality service”, he says.

SME and MICE are other likely strategic directions for many TMCs, bringing transparency and consistency into unmanaged spend and leveraging existing relationships and expertise.



As online becomes ubiquitous in Managed Travel, embracing an iTMC model which focuses on **digital interaction rather than offline services** may offer a number of benefits. However, this would mean creating differentiation and proven value in online booking, quality of digital solutions and service and data capture from any source.

Online TMCs would be expected to focus on app development and find new revenue streams through advertising or merchandising. The vision of the online TMC would be to become a one stop shop for Managed Travel solutions. No one has understood this better than Egencia.

“Customer experience is a question of both technology and service. Often a corporate client relies on one partner, the SBT, to deliver technology, and on another partner, the TMC, to deliver service”, says Germain Huber. “We are providing technology and service, ensuring they work together. Future solutions will need not only to be customer-inspired and mobile, they will also need to be integrated”.



Many will recognise that these changes are inevitable – whether they like them or not – and look to partners such as their TMCs and technology providers for help tackling the challenges. So while Managed Travel 2.0 and Managed Travel 3.0 can be handy labels, behind them lies a constant process of evolution that affects each element of the supply chain, and the relationships between those elements”.

Paul Revel, Editor, Buying Business Travel



Conclusion

Technology evolution is transforming customer-supplier engagement. The corporation and corporate traveller are in charge, have **fast changing needs and can easily be influenced**. Thus, the provider's ability to meet customers' stated and unstated needs is critical in the Managed Travel 3.0 world.

New challenges demand a combination of fresh solutions, business model and technical innovation. Anticipating needs begins with knowing and predicting customers' behaviour and preferences in order to make the right offer at the right time through the right channel. As the attention of corporations focuses on **mobility, security, agility, and CSR**, keeping their eyes on **cost and compliance**, TMCs will need to focus on the traveller, on the technology, the experience and the economics which support the complexity of Managed Travel 3.0.

Service will have to involve not just technology but also the human factor and this will need to become more efficient, targeted, personalised and timely. It will not be easy but it will be bountiful.

In short, in Managed Travel 3.0, expect struggles and success to go hand in hand.
Expect the unexpected and enjoy the experience.



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