

An ACTE Research Study Sponsored by RADIUS

# Travel Management of Tomorrow: Is Major Change Coming?

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## ★ INTRODUCTION

### The pace of change accelerates

Travel management evolves constantly. But over the past couple of years, there have been warnings that corporate travel is set for an even more dramatic period of change than usual. Trends such as mobile and social media, and phrases like “open booking” or “consumerisation”, have become increasingly prominent. Some industry professionals have even forecasted the end of managed travel as we know it, predicting that employees will ignore the company programme to book what they like and how they like.

### How will corporate travel management look in 2017?

In August 2012, ACTE, with RADIUS sponsorship, conducted a survey of corporate travel buyers to learn how they think travel management will change by 2017. The survey asked:

- ⚡ How much travel will your company be doing and how much manpower will you have to manage it?
- ⚡ How will key elements of your travel programme change in importance?
- ⚡ Which travel intermediaries will you use to support your programme?
- ⚡ What services will you want your travel management company (TMC) to provide?

### The evolutionary view

The nearly 300 buyers from around the world who responded to the survey provide support for both an evolutionary and revolutionary view of the future of travel management. In general, their answers to multiple-choice questions paint a picture of relative stability in travel management priorities and practices. These answers do point to mobile technology and social media playing a crucial future role in the way employees book and plan travel. However, the respondents indicate that accommodating traveller demands for increased flexibility and choice is a much lower priority than ensuring effective

### About the Survey:

A survey of ACTE travel buyer members and event attendees was conducted in August 2012 to provide insight from travel managers regarding the future of travel management. The survey included several multiple-choice questions as well as a free-response question that asked: “In your opinion, what will be the biggest fundamental change taking place in corporate travel during the next five years and how will it affect how your company manages travel?”.

ACTE received 282 responses representing companies from 33 countries across all regions.

Respondent company size (number of employees) was split as follows:

- Less than 1,000: 14.2%
- 1,000-5,000: 21.3%
- 5,000-10,000: 10.6%
- 10,000-25,000: 15.6%
- 25,000-50,000: 11.3%
- Over 50,000: 27%

booking and expense integration, data management and cost control. These findings are remarkably consistent across geography and company size.

### The revolutionary view

Respondents had the opportunity to express in their own words what they believe the most fundamental change in travel management will be over the next five years.\* These responses demonstrate that many buyers believe that more dramatic change may well be on its way for travel management. The more revolutionary view that emerges from these comments may be summarized as follows:

- ⚡ Travellers will use mobile devices to make their own travel arrangements.
- ⚡ If travel managers want employees to stay within the corporate travel programme, the programme will have to become much more flexible.
- ⚡ Even if travellers do book through the corporate programme, more reservations will be direct from the supplier.

\* Many of these “most fundamental change” comments, all of which were made anonymously, are reproduced and clearly indicated throughout the white paper.

- ∴ Travel managers and their TMCs will have to find ways to capture booking data no matter how or where travellers make their bookings.

Running throughout these comments is the belief that it will be up to travel managers to reconcile significant traveller demand for independence with corporate control for cost management and risk management purposes.

### ***A decisive moment***

It is perhaps unsurprising that buyers expressed mixed views on these big issues. They raise questions which

everyone involved in corporate travel will have to answer over the next five years. However, answer them they must, because one point on which almost all respondents agree is that travel volumes are not going to go down. In fact, they are likely to go up, and there is even greater agreement that travel spending is going to rise. Therefore, the need to manage travel will be even greater by 2017. What needs careful consideration is: how?

## ★ EXECUTIVE SUMMARY

### Travel Demands and Management Resources

A series of questions regarding projected 2017 travel frequency, spend and in-house travel management resources generated the following findings:

- Most travel buyers (55 per cent) believe their company will take more trips in 2017 than today.
- Even more (71 per cent) expect their travel spend to be higher.
- In spite of having more travel to manage, only 27 per cent believe their company will increase the size of their travel management team.

#### **Potential actions for travel managers**

- Start a conversation with senior management about long-term demand growth.
- Look for third-party help with travel management.
- Investigate video-conferencing and other virtual meeting alternatives to absorb some of the extra growth in travel demand.

### Travel Programme Priorities

Buyers rated the importance of the following elements to a travel programme today and then considered whether each would increase, decrease or remain the same in importance in 2017:

- Cost savings/optimisation of travel spend
- Data consolidation and reporting
- End-to-end solutions (booking to expense)
- Policy compliance
- Programme consolidation/globalisation
- Safety and security/risk management

- SoLoMo (Social Local Mobile) accessibility
- Strategic meetings management
- Traveller choice of travel options

Their responses present an evolutionary vision of 2017:

- End-to-end solutions (booking to expense) is the travel programme element most buyers (65 per cent) expect to become more important.
- Sixty percent expect data consolidation/reporting and SoLoMo to become more important.
- Traveller choice of travel options is the element the fewest buyers (34 per cent) expect to become more important.

Free-form comments on “the most fundamental change” expected by 2017 generally present a more revolutionary vision, with travellers assuming much greater influence:

- Travellers will expect to handle their travel independently across a wide range of booking and other technology tools.
- Travel managers will need to find a way to aggregate booking data from disparate sources to continue to meet strategic objectives of cost control and duty of care.

#### **Potential actions for travel managers**

- Pursue end-to-end integration, with sensitivity to travellers’ desire for ease of use and flexibility from booking through expense management.
- Ensure that the tools within the programme offer the social and mobile options today’s business traveller expects.
- Have your third-party solution providers help with any data aggregation challenges driven by SoLoMo.

## Influence of Solution Providers

Respondents assessed the influence of multiple third parties on their travel programmes today and then predicted whether each supplier's influence would grow, diminish or remain stable by 2017. The third parties included:

- Expense management companies
- Global distribution systems (GDSs)
- Meetings/MICE technology and solutions providers
- Payment providers
- Travel management companies (TMCs)
- Travel technology companies
- Travel suppliers (air, car, hotel)
- Third-party data aggregation and reporting companies

The responses indicate:

- The majority of buyers expect all existing third-party solution providers but one to have the same influence in 2017 as today.
- The exception is travel technology companies, which the majority (51 per cent) think will be more influential than today.

### **Potential actions for travel managers**

- Assess your current travel management technology in light of your travellers and your specific objectives (e.g., preferred supplier compliance, safety and security).
- Work with your solution providers to find enhancements where needed.

## The Role of the Travel Management Company

Buyers considered their criteria for choosing a TMC if they were making their selection today. They then assessed how each of these criteria would change in importance if they were to make their TMC selection in 2017.

The TMC services considered were:

- Account management
- Delivery of savings/efficiencies
- Locally based coverage in each of your markets
- Maximum travel choices for your employees
- Quality of aggregated and reported data across all markets
- Supplier relationships leveraged to provide value to your programme
- Technology acumen and flexibility to make recommendations
- Technology integration capabilities

Key findings included:

- Ability to provide savings is the key criterion buyers look for in TMCs today, and 55 per cent think it will be more important in 2017.
- Buyers are clearly looking to TMCs to act as their consolidators. Today, data aggregation is ranked the second most important quality in a TMC and technology integration is ranked fourth. Technology integration is also the aspect of TMC service most buyers think will become more important by 2017 (64 per cent), while data aggregation is second (55 per cent).

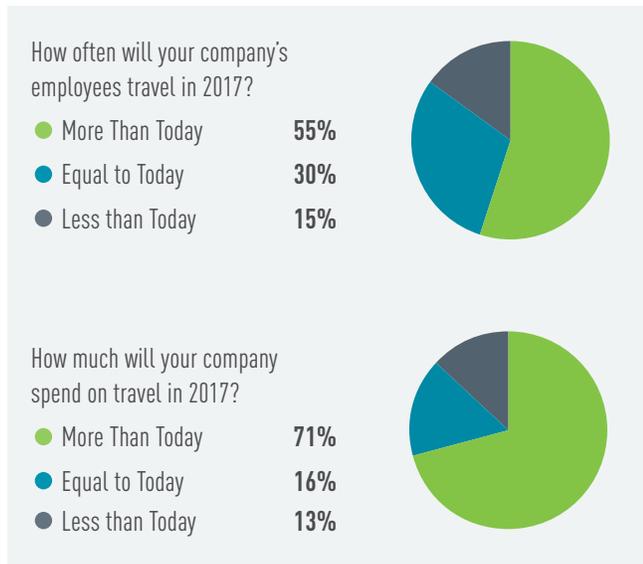
Travel buyers also shared their current and their 2017 "ideal" travel management programme service configuration. Today, 54 per cent use a single TMC across their programme, and 61 per cent said they would prefer that configuration in 2017. The alternatives of directly managing multiple TMCs, or going without a TMC altogether, lagged behind.

### **Potential actions for travel managers**

- Ensure your TMC is future-proofing itself to address anticipated changes in travel management, especially data consolidation and technology integration.

## ★ TRAVEL DEMANDS AND MANAGEMENT RESOURCES

Survey respondents addressed questions comparing the volume of travel and level of travel spend, and the in-house travel management manpower, they anticipate for their companies in 2017 compared to today.



Travel buyers do not believe there is a contraction on the horizon for the corporate travel business. Fifty-five per cent of respondents believe their employees will travel more in 2017 than they do today. Another 30 per cent believe their employees will travel as much as today, and only 15 per cent expect trip numbers to fall.

### Upward pressures exceed downward pressures

There are several reasons why a decline in travel might have been predicted instead:

- Increased use of video-conferencing and other virtual alternatives to travel
- Pressure on companies to reduce their carbon emissions
- A fear that tighter budgets and higher costs could make travel unaffordable

The most likely explanation for why buyers think the opposite will happen is continuing, relentless globalisation.

More and more companies are transacting more and more of their business beyond the country in which they are headquartered, and with other regions starting to rival North America and Western Europe as consumer markets, as well as manufacturing locations, this trend should continue.

*"The company is expanding worldwide. There will be the necessity to travel more frequently, not only [domestically] but overseas as well."*

Among the small minority who expect their trip numbers to decline, it would appear the most important reason is the availability of virtual travel alternatives. Responding to the open-ended question regarding the most fundamental change in travel management over the next five years, a dozen buyers drew attention to video-conferencing and collaboration technologies playing a greater role as substitutes for business travel.

*"The use of more technology, video-conferencing, Skype etc. will result in less travel for one-day meetings."*

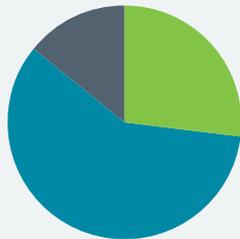
Since travel managers expect more business trips, it is hardly surprising they also expect to spend more on travel. In fact, 71 per cent forecast an increase in spend, which suggests a small proportion believe their costs will rise even if they aren't travelling more. This belief may simply be based on price inflation, but a handful of respondents to the "most fundamental change" question also expressed fears about airline supplier consolidation pushing up air fares.

### No extra staff for travel managers

Survey respondents then considered whether their in-house resources for managing their travel programme would be greater, the same or less than they have at their disposal today.

How many full-time employees (FTEs) inside your company will be dedicated to travel procurement / management in 2017?

- More Than Today 27%
- Equal to Today 59%
- Less than Today 14%



In spite of buyers expecting travel spend to be higher by 2017, not many are hopeful they will have additional internal resources to manage this additional expense. Only 27 per cent predict they will have more full-time employees than today dedicated to travel procurement/management. Travel managers who do not expect more internal resources may believe they will instead outsource more aspects of their company travel programme.

## TRAVEL MANAGER'S DIGEST ∨ Travel Demands and Management Resources

### Conclusions

- In 2017, companies will travel more than ever.
- A small number of travel managers believe video-conferencing will play a major role in reducing travel.
- Travel costs will be higher than today.
- Only a minority of companies will have additional internal resources to handle their increased spend.

### Opportunities

Rising travel costs will make the travel manager's role even more important than it is today.

*"Corporate travel will further evolve into one of the most important commodities. T&E spend management is an integral role for any organization and strategic management of travel policy/spend will be an imperative for the next five years."*

### Threats

- Travel managers may struggle to manage increased spend without more staff.
- Pressure to reduce costs could require travel managers to get tougher with policy at the same time travellers are demanding more flexibility.

*"[The] need to contain growth of travel spend may require drastic changes in travel policy and curtailment of flexibilities currently available to travelling staff."*

### Potential actions

- Investigate video-conferencing and other virtual meeting alternatives to help offset the anticipated rise in travel. Seek ways to integrate management of these alternatives within the travel programme.
- Start a conversation with senior management about the strategic implications of globalisation increasing your company's demand for travel.
- If it will be hard to persuade senior management to expand your travel team, focus on securing resources for third-party solution providers and on implementing cost-effective technologies, including booking and expense management tools.

## ★ TRAVEL PROGRAMME PRIORITIES

Survey respondents considered the primary elements and considerations that comprise or influence many corporate travel programmes today and evaluated whether each is likely to increase or decrease in importance over the next five years.

Rate how important each of the following attributes of your travel programme will be to your company in 2017:

	⬆ More Important Than Today	= Equally Important to Today	⬇ Less Important Than Today
● End-to-end solutions (booking to expense)	65.0%	35.0%	0.0%
● Data consolidation and reporting	59.7%	39.6%	0.7%
● SoLoMo (Social Local Mobile) accessibility	59.6%	36.5%	3.9%
● Safety and security/risk management	53.4%	45.9%	0.7%
● Cost savings/optimisation of travel spend	53.0%	45.9%	1.1%
● Programme consolidation/globalisation	49.6%	46.5%	3.9%
● Strategic meetings management	49.1%	48.4%	2.5%
● Policy compliance	46.8%	52.1%	1.1%
● Traveller choice of travel options	34.3%	53.7%	12.0%

### End-to-end solutions (booking to expense)

“End-to-end solutions”, shorthand for integrated booking and expense systems, is the area of the travel programme predicted most likely to take on increased significance. Almost two-thirds (65 per cent) expect end-to-end solutions to become more important.

This finding suggests many travel managers hope technology will create faster, smoother processes to handle the entire life cycle of a trip. It also implies an expectation that travel will become a more standardised part of the corporate infrastructure, with, for example, easier uploading of travel data into company accounting and human resources systems. In turn, making travel part of a wider corporate process could help to generate consistent, reliable data and to promote policy compliance through process standardisation.

### Data consolidation and reporting

Sixty per cent of respondents believe data consolidation and reporting will be more important than today. Data is, of course, at the heart of all travel management (indeed all management), including aiding supplier negotiations and monitoring both supplier performance and travel programme policy compliance.

However, the high ranking of data consolidation also suggests that travel managers believe consolidation could become even more challenging than it is today. The reason: fragmentation of travel distribution may require data to be collected from a wider, more diverse, range of sources.

### Social Local Mobile (SoLoMo) accessibility

Another indication of potential significant change ahead is that 60 per cent believe SoLoMo accessibility will become

more important than it is today. In the free-form “most fundamental change” comments, respondents cited the rapid emergence of mobile and social media travel applications with greater frequency than any other development affecting the future of travel management.

### Traveller choice of travel options

Only 34 per cent of respondents think traveller choice will become more important — a lower figure than any of the other eight travel programme elements highlighted. What is more, 12 per cent expect traveller choice to become less important, the highest figure among the other eight elements.

These findings may be surprising because, away from the survey, some industry observers have predicted that the rise of SoLoMo and a general “consumerisation” trend will generate momentum for more traveller choice. What is more, the “most fundamental change” comments do suggest that a travel manager challenge over the next five years will be to keep the managed, consolidated travel programme intact while at the same time responding to substantial pressure from employees to manage their travel independently.

*“The concept of booking anywhere but still having a managed travel programme [is the biggest fundamental change]. Currently we are trying to assure we have the pieces in place to, at minimum, try this industry shift.”*

### Policy compliance

In light of the discussion above, it is perhaps surprising only 47 per cent think policy compliance will become more important. However, this result may be a function of how buyers read the question. If travel managers assume that data aggregation will address bookings from multiple sources, then concern over compliance may become less intense.

### Cost savings/optimisation of travel spend

Fifty-three per cent think cost savings will be more important than today. This relatively low figure may reflect the fact that cost control is already the most crucial aspect

of almost all travel programmes and cannot become any more important in 2017 than it is already.

### Safety and security/risk management

Fifty-three per cent indicate that security will be more important than today. Repeated security and health emergencies that have occurred since the beginning of the century have caused most companies to be very sensitive to their duty of care obligations towards travelling employees. It is unsurprising only one per cent think either cost savings or security will become less important.

Cost control and risk management are arguably the two primary strategic objectives of most travel programmes. The free-form comments show that respondents are concerned that decentralised traveller choice would conflict directly with the ability of travel managers to meet these objectives.

*“Social media will continue to cause large corporations issues with promotion of use of non-managed content and further booking fragmentation via external, more leisure/social websites. [It will also] cause more issues and concerns to corporations [regarding] compliance to policies and safety and security of their travellers. Duty of care will become more and more important to corporations due to current and future litigations.”*

### Programme consolidation/globalisation

Half of all respondents believe programme consolidation/globalisation will be a more important issue in 2017. The response to this question varies by size of company. Whereas 46 per cent of buyers at companies with more than 50,000 employees expect consolidation to become more important, that figure rises progressively to 59 per cent for companies with fewer than 1,000 employees. The inference is that ACTE members in general already have travel programmes in an advanced state of consolidation and those at the largest companies are farther along this path than those at smaller companies. In the open-ended question, several respondents, perhaps from smaller companies, cited programme globalisation as their most fundamental change for the next five years.

## Strategic meetings management

Forty-nine per cent think strategic meetings management will become more important. The relatively low ranking among programme elements may simply highlight that strategic meetings management is, and will continue to be, a standard element of many buyers' programmes.

Given that few travel professionals would claim meetings management is in an advanced state of maturity, an alternative interpretation is that buyers are reaching an impasse with this area of spend, and are unsure how to achieve a breakthrough with it.

### TRAVEL MANAGER'S DIGEST ↘ Travel Programme Priorities

#### 1 End-to-End Solutions

##### **Conclusions**

Integration of booking and expense tools will be a major trend over the next five years.

##### **Opportunities**

If companies can create a seamless corporate process for planning, booking, payment, expense reclamation and uploading into accounting systems, it should make life easier for travellers and enhance compliance. Meanwhile, aligning travel with finance as well as procurement (which is often a consequence of end-to-end integration) could enhance the status of the travel manager.

##### **Threats**

Although end-to-end is the ideal managed scenario for travel managers, the threats of booking fragmentation and non-compliance could make it increasingly difficult to achieve this vision over the next five years.

##### **Potential actions**

There are many potential benefits to an end-to-end process, so it is worth investigating this strategy, but given the increasing pressures for independence by travellers, the process will need to be flexible and attractive enough to ensure travellers utilize it.

#### 2 SoLoMo, Traveller choice, Policy compliance, Data consolidation

These four aspects of a travel programme are considered together because many respondents linked them in their comments.

##### **Conclusions**

- Mobile and social media will be a powerful catalyst of change in corporate travel over the next five years.
- However, most travel managers do not see major change ahead in terms of giving travellers more choice as a top priority.
- An "open booking" upheaval may not be coming, but many respondents are anxious about this possibility.

##### **Threats**

Many respondents express the view that travellers now have the technology literally in their hands to book travel how they please. This independence could undermine the managed travel programme; in fact, a small number of respondents fear that constant speculation of a revolution in corporate travel will become a self-fulfilling prophecy.

##### **Opportunities**

Travel managers may be unsure if significant change is coming, but the free-form comments indicate that many are preparing for it in any case. These comments suggest that the path to doing so is to make travel programmes more amenable to traveller desires for increased flexibility and choice.

##### **Potential actions**

- Maintain focus on the priorities of cost containment, security and data aggregation, while understanding the need to reconcile these with expanded traveller demands for choice and flexibility.

*Continued...*

## TRAVEL MANAGER'S DIGEST ∨ Travel Programme Priorities (Continued)

*"Mobile applications, full content access, convenience, decentralisation of the purchase point [are the biggest fundamental changes]. I am preparing for the new paradigms, reading, learning and rethinking my strategy and policy."*

*"We have to find a way to let the traveller book using the method they choose while using our discounts and capturing the data at the time of booking for security and safety. We will have to have the technology to capture all of this data globally regardless of how a booking was made. We will need to start to have company IDs that can be captured by all suppliers that will guarantee our rates regardless of how they were booked. Travel will no longer be a demand from the top down. It will be a collaborative experience with our employees."*

*"We can't seem to get away from employees wanting to book their own travel, so more technologies are being integrated where employees can book their travel and then route it back through the company."*

- Review your company's booking tools and other "official" technology to ensure it is user-friendly enough to satisfy travellers.

*"Technology tools that enhance travellers' experiences and influence positive behaviour in selecting strategic business suppliers [will be the biggest fundamental change]."*

- Consider how the travel management role may evolve in light of traveller behaviour changes.

*"Travellers will manage their entire travel programme on their own, using smartphones. Travel managers will change to a more specific supervisory, negotiating and controller reporting role."*

### 3 Programme consolidation/globalisation

#### Conclusions

Larger companies that have already consolidated are focused more on optimizing the elements of their existing regional or global programmes. Smaller multinational companies place more emphasis on this element as it may enable them to better address the cost, security and data aggregation priorities of their programmes.

#### Opportunities

Suppliers, especially airlines, are globalising, making it easier to deal with them on a multinational basis. In addition, some TMCs are improving their ability to handle data and manage clients globally.

#### Threats

In the rush to globalise travel operations, the vital task of serving travellers at a local level in an operationally and culturally appropriate manner can be overlooked.

#### Potential actions

Work with TMCs and other intermediaries that are capable of combining global management with local service.

### 4 Strategic meetings management

#### Conclusions

Corporations recognize the importance of strategic meetings management but may be struggling to introduce or improve their programme.

#### Opportunities

For companies that get it right, strategic meetings management brings them much greater control over their meetings spend, including consolidated supplier agreements, improved contractual terms and conditions, and greater oversight in terms of financial and reputational risk management.

*Continued...*

## TRAVEL MANAGER'S DIGEST ∨ Travel Programme Priorities (Continued)

### ***Threats***

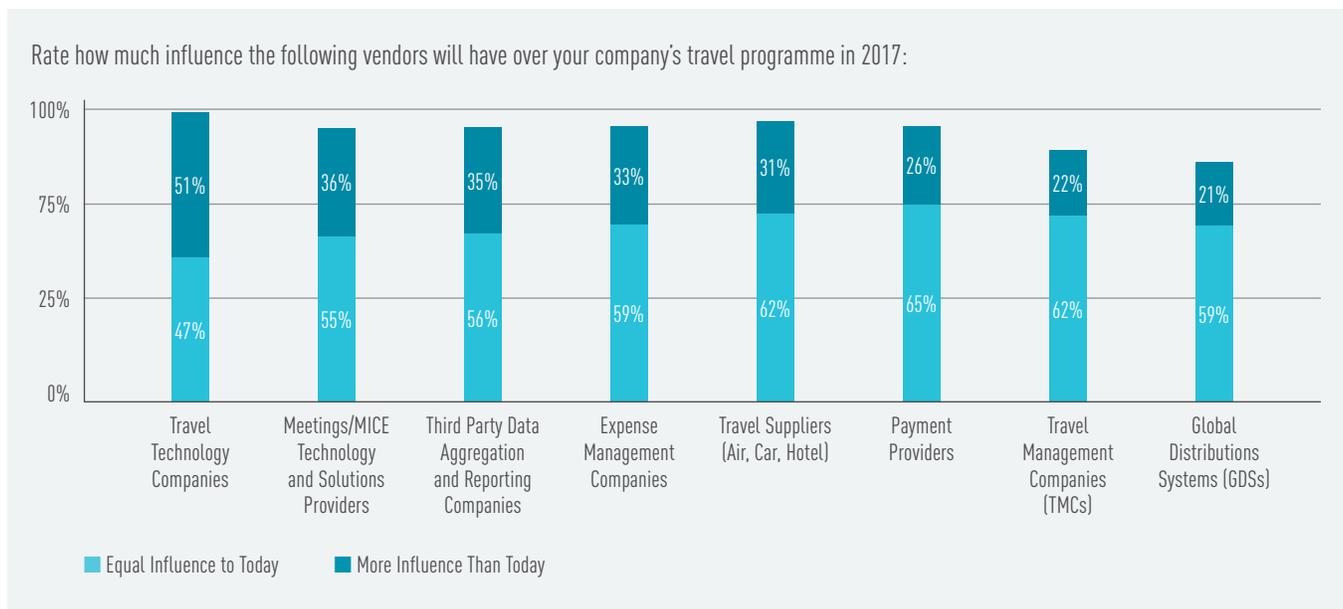
Some businesses may find the investment in meetings management substantial, both in terms of cost and change management, especially if they introduce meetings technology tools.

### ***Potential actions***

Make sure your management understands the scope and volume of your company's meeting spend. Enlist your TMC or meetings technology providers to help you analyse your options for improved meetings management.

## ★ INFLUENCE OF SOLUTION PROVIDERS

Respondents were asked to predict how much influence various types of third-party solution providers will exert over their travel programmes in 2017 compared to today.



For all but one of the intermediary types, most buyers anticipate the level of influence to stay the same — but there are some noteworthy variations in the survey responses.

### Travel technology companies

The one supplier group for which a majority of respondents in 2017 expect more influence is travel technology companies, with 51 per cent expecting more influence and 47 per cent anticipating the same level. It is difficult to interpret these figures with certainty, because several of the other listed intermediaries, such as expense management companies and GDSs, are themselves technology providers, so the question may have been ambiguous for some respondents. However, the general conclusion, which is supported by dozens of free-form “most fundamental change” answers, is that corporate travel processes will become even more highly automated than they are today. The answer also implies that the range of technology providers, for travel managers and for

travellers, may be considerably more diverse and fragmented than is the case today.

Further analysis of the answers to this question reveals a geographical split among respondents. Forty-three per cent of North American buyers expect travel technology companies to have more influence, compared with 56 per cent in Europe, 57 per cent in Asia and 71 per cent in Africa. This may say more about the current role of technology providers by region rather than distinctions in how programmes in these regions will rely on such companies in 2017.

### Global distribution systems

Another finding suggesting technology provision could fragment over the next five years is that only 21 per cent expect GDSs to become more influential, a smaller figure than for any of the other intermediaries listed in this question. What is more, 21 per cent also expect GDSs to become less influential, a higher figure than for any other intermediary.

The free-form comments on “most fundamental change” may help explain this finding. Several buyers predict that, even when travellers do book through a TMC or official corporate booking tool, some reservations may be made via a direct connection to the supplier, bypassing the GDS.

*“Travel content fragmentation will be the biggest fundamental change that will take place in the next five years. Most major vendors will move away from utilising the GDSs for their connectivity, [so GDSs will] no longer be their main distribution channel to the corporate travel market. The travel industry will see implementation of many more*

*Direct Connect relationships by vendors to corporate online booking tools.”*

## Travel management companies

To some extent the figures flag a similar warning for travel management companies, with only 22 per cent thinking they will become more influential, while 17 per cent tip TMCs to become less influential. TMCs will clearly have to continue to demonstrate their relevance in the changing world of corporate travel — an issue that will be studied in more detail in the next section.

## TRAVEL MANAGER'S DIGEST ▼ Influence of Solution Providers

### Conclusions

- With the use of technology accelerating, and the number of technology providers proliferating, corporate travel is becoming increasingly complex. Travel managers will have to become even more IT-savvy than before.

*“Travel management will become more (about) the travel manager’s ability to manage and understand current, new and emerging distribution technologies and content provided.”*

- With travel managers anticipating greater spend without more in-house management resources, technology from third parties will be critical to driving greater productivity and efficiency.

### Opportunities

Travel management could become an increasingly specialized area of procurement owing to its increasing complexity. That will make travel managers more indispensable.

Solution providers have a major stake in helping companies reconcile any trend toward “open bookings” or “consumerisation” with the enduring cost, security and data aggregation priorities of the corporate travel programme. Travel managers can leverage third-party expertise and investment to help “future-proof” their programmes.

### Threats

Mastering the complexity and diversity of travel technology will be challenging. The skill sets required to be a successful travel manager are shifting, and those who are not technologically adept or fluent in data analysis risk being left behind.

### Potential actions

- Start a strategic review of the technology your company has today and the technology you think you will use tomorrow, including the tools your travellers want to use.
- Make sure you have a strategic plan to join up the various technologies you will be using, especially in the area of data coordination.
- Strengthen relationships with your company’s information technology team to enlist their assistance in the integration of third-party technology. Respondents were asked which internal function they expected would increase in importance relative to its contribution to the travel programme, and 43% indicated that IT would gain in importance, a higher percentage than any other function.

## ★ THE ROLE OF THE TRAVEL MANAGEMENT COMPANY

Respondents were asked to rank TMC services based on what would most influence their selection of a TMC today, and to indicate for each of these services whether their importance in the TMC selection process would increase, decrease or stay the same. In addition, respondents identified the current configuration of their travel program in 2012 and shared their “ideal” configuration for 2017.

Rank the following criteria in order of importance in your selection of a TMC if you were making your choice today. (1=most important; 8=least important)

Criteria	Rating Average	% Saying More Important in 2017
1 Delivery of savings/efficiencies	2.7	54.9%
2 Quality of aggregated and reported data across all markets	3.4	55.3%
3 Account management	3.8	25.2%
4 Technology integration capabilities	4.9	63.6%
5 Technology acumen and flexibility to make recommendations	5.0	53.3%
6 Supplier relationships leveraged to provide value to your programme	5.3	32.2%
7 Locally based coverage in each of your markets	5.5	22.7%
8 Maximum travel choices for your employees	5.5	32.1%

### Savings

It is no surprise that the ability to deliver savings is ranked first (and considerably ahead of all other criteria), as finding savings is a standard requirement for any TMC. Despite its paramount importance today, 55 per cent of respondents think the need to deliver savings will be even more important in 2017, perhaps related to the finding that 71 per cent expect to spend more on travel than they do today.

### Aggregated data/technology integration capabilities

The next most highly valued TMC attribute today is the quality of aggregated and reported data, and 54 percent of respondents expect the importance of this offering to increase. This suggests that companies may (continue to) look to TMCs to be the primary source of data consolidation in an environment of potentially greater data and

technology fragmentation. The ability of TMCs to integrate technology is also rated highly, in fourth position, and 64 per cent predict technology integration by TMCs will be more important in 2017, a higher figure than for any other TMC service.

*“With growth [in travel] forecasted and growing pressure on targets, earnings and savings, we see a clear requirement for regional consolidation and vendor optimization. The key is to have a strong TMC which can provide a complete solution (technology acumen, data consolidation, expense management and service edge).”*

*“Technology will change the role of the travel management company from transactor to a true manager of transactions. Bookings will be made at various points and aggregated by the TMC.”*

*“Development of corporate travel-related apps [will be the biggest fundamental change]... Taking the travel booking process directly to employees and their mobile devices. If our TMC does not adapt to this change, then as a company we have to make the steps to look for another provider.”*

### Providing travel choices

Ranked bottom of the services buyers require of their TMC today is the ability to give maximum choices to travellers. Nor do an overwhelming number of buyers think this situation is likely to change: only 32 per cent believe the TMCs’ ability to deliver traveller choice will become more important by 2017.

Survey respondents also identified their TMC service configuration of today and what they expected it to be in 2017:



### Service configuration today

More than half of respondents (54 per cent) use the same TMC for their entire travel programme. It is worth pointing out in this context that all survey respondents are ACTE buyer members and event attendees, with a typical profile of large companies with sophisticated travel programmes (see “About the Survey” on page 1 for a distribution of respondents by company size). Across the wider business world, this figure would almost certainly be lower.

Among those companies which use multiple TMCs, there is a split regarding who consolidates and reports the data supplied by different TMCs. Twenty-four per cent of respondents indicate they give the task to a lead TMC, while 15 per cent use a third-party data aggregator instead.

### Service configuration tomorrow

Sixty-one per cent of respondents (versus today’s 54 per cent) want to use one TMC to manage the primary elements of their travel programme in 2017. Both the “multiple TMCs/lead TMC data consolidator” and “multiple TMCs/third-party consolidator” options, in which there may be a single point of contact for data but not for other elements of the travel programme, are less popular choices going forward, down to 18 per cent and 11 per cent respectively. Meanwhile, there is a slight growth in interest in running the travel programme in-house, up from 7 per cent today to 10 per cent in 2017.

## TRAVEL MANAGER'S DIGEST ∨ The Role of the Travel Management Company

### Conclusions

- Companies will continue to rely on their TMC to deliver travel savings. At the same time, TMCs will be challenged more than ever — by both travel buyers and travellers — to show they can deliver those savings.

*“TMCs will have to be very accurate and efficient because travellers are more aware of prices and what is happening in the marketplace. More and more people will book on the internet and the TMC has to be prepared for that.”*

- The ability to aggregate data and integrate technology will become arguably the most important requirement companies will make of their TMC. Overall, it seems travel managers will look to their TMC to be their preferred primary data aggregator, and in most cases they will want to engage only a single TMC rather than manage multiple TMCs directly.

### Opportunities

New ways of integrating technology and consolidating data will create new options for working with TMCs.

### Threats

A company's service configuration and/or TMC of today may not be appropriate for an increasingly challenging travel management environment requiring greater capacity for dealing with complex technology and data requirements. The travel programme could suffer if travel managers do not assess and address their configuration and TMC relationship in light of these changes.

### Potential actions

- Review your TMC service. Is the TMC or TMCs you use today providing a good service? Are they future-proofing themselves to deal with anticipated changes? Do your TMCs provide high-quality consolidated data, and are they flexible enough to consolidate data from a broadening range of sources? Similarly, are they accomplished integrators of different technologies? Do they, and their own technology providers (e.g. GDSs), have a strategy to deal with “consumerisation”?
- If your travel programme extends to more than one country, review your service configuration. What type of TMC structure is most appropriate for your needs?

## ★ CONCLUSION

Travel managers have not reached definite conclusions about how much corporate travel will change between now and 2017. The responses to the survey's multiple-choice questions suggest an evolution in travel management, with a greater emphasis on technology integration and adapting to SoLoMo trends, but little emphasis on enabling greater choice for travellers. However, the free-form answers reveal a view that mobile and social media in particular will influence travellers to act considerably more independently. If this change materializes to the extent suggested by some of these comments, travel managers may need to adapt their managed travel programmes significantly to achieve their objectives.

Perhaps the most consistent finding from the survey is that technology is going to play an even more important role in travel management in 2017 than it does today. Travel managers see a future marked by increased impact for the in-house IT function and for technology companies, as well

as higher expectations for the technology integration capabilities of TMCs. They also agree that meeting the SoLoMo needs of their travellers, however uncertain the ultimate impact of SoLoMo on travel management, is an increasingly important element of their programme.

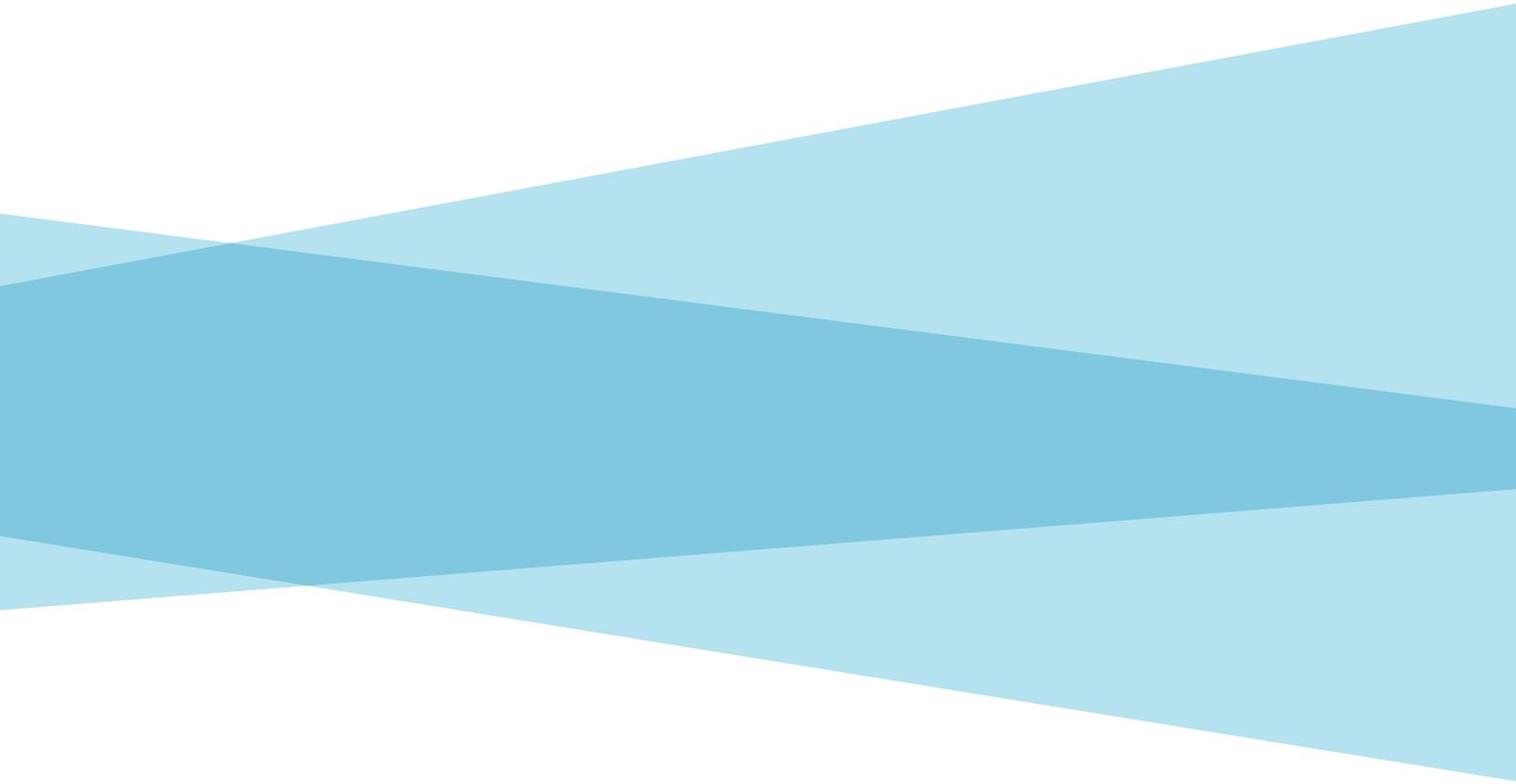
In a sense, the survey results indicate that if technology is presenting a challenge to the status quo by giving travellers the means to depart from the managed programme, technology is considered the likely means to reconcile greater traveller independence with continuing corporate priorities such as cost savings and data aggregation. In a future of travel volume and spend outpacing in-house travel management resources, many respondents expect to need the help of a TMC more than ever to navigate a changing environment. Travel managers may have an uncertain journey ahead over the next five years, but it is clear that they will require the support of forward-looking solution providers every step of the way.

### About RADIUS

RADIUS designs and delivers travel management solutions for multinational companies. RADIUS combines exceptional account management, strong supplier relationships and innovative data management processes with outstanding local service worldwide through the RADIUS Network of top corporate travel agencies. To learn more about how RADIUS can help your company address its regional and global travel management challenges, please visit [www.radiustravel.com](http://www.radiustravel.com).

### About ACTE

The Association of Corporate Travel Executives (ACTE), founded in 1988, is a leading non-profit organisation that serves and advances the global business travel industry in 102 different countries. For more than 20 years, ACTE has continued to fulfil its vision of uniting travel executives around the world, providing them with education, research findings and networking opportunities. The education of ACTE members infiltrates to more than 12 million business travellers worldwide. From corporate buyers to agencies and suppliers, all sectors of the industry are granted equal membership. ACTE has representatives in Africa, Asia, Australasia, Canada, Europe, Latin America, Mexico, Middle East and the United States. Visit [www.acte.org](http://www.acte.org).



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