



FCM INSIGHT

The benefits of a truly global TMC

When global actually is global

INTROD

According to the Global Business Travel Association (GBTA), worldwide business travel spend rose by 3.5% in 2016 to \$1.3 trillion¹ and is expected to reach \$1.6 trillion by 2020. That's the same as the US government has spent in the war on terror since 9/11².

As travel spend rises, so too does the criticality of travel management. In 2016, half of corporates spending half a million (or more) on travel contracted with a single TMC for managed travel services worldwide³.

Single sourcing offers a myriad of benefits to the corporate including visibility of spend, traveller tracking and compliance as well as cost savings.

Travel programmes became increasingly global in the 2000's. The proportion of corporates with more than 20 countries in their programmes rose from 17% in 2001 to 49% by 2011⁴. This was driven by the same factors that make single sourcing so attractive to travel buyers.



3.5%

2016

worldwide business travel
spend rose to \$1.3 trillion!

At the same time, the global financial crisis gave rise to large-scale corporate cost cutting and process efficiency improvement initiatives that single sourcing supports so well.

TMCs themselves have contributed towards the globalization of travel by consolidating to grow revenues and to provide services multi-nationally. Technology has also enabled the big TMCs to offer both online booking tools and a more 'high touch' service where required.

DUCTION



Networks not working

In business travel however, global doesn't always mean global. The corporate buyer has alternatives to the single TMC relationship.



2016

In 2016 half of corporates spending half a million+ on travel contracted with a single TMC for managed travel services worldwide³

Not all TMCs have in-country teams like FCM. Many TMCs work with local partners or franchises in select markets. Independent TMCs have joined consortia or networks that work on similar lines to airline alliances and which have either single or shared ownership. Most global TMCs own their offices in key locations but smaller TMCs will invariably be consortium members. This is fine so long as service levels are consistent and, most importantly, data is consolidated.

These networks claim to offer global control supported by local content and knowledge, but in reality they use different technology and reporting systems, rendering consistent service levels virtually impossible. Scratch

beneath the surface of some global offerings and you'll often find conflicting processes, cultures and contractual arrangements, all impacting upon customer service.

The value of local content and expertise isn't in question. That's why FCM's 96 in-country teams are all fully-trained. Providing a global travel programme doesn't mean a 'one size fits all' approach either. Having teams on the ground who understand their local markets, but who have the common technology platform and processes to use that knowledge consistently is the hallmark of a truly global TMC.



Technology & data

Corporate buyers want end-to-end, managed travel programmes that merge travel bookings with expenses to drill down the total cost of the trip by individual suppliers. They need programmes that track every traveller, policy compliance and measure ROI per trip.

To meet those needs, travel management systems must provide real-time measurement of supplier performance across the supply chain, powering dynamic travel policies that allow travellers to make choices within agreed parameters, satisfying both CSR and Duty of Care requirements. End-to-end solutions also ensure that self-made bookings are funnelled through a live tool capable of making best value supplier decisions and mode choices based on hard Business Intelligence.

To date, end-to-end has been more of a philosophy than reality, with travel managers getting closer to the holy grail of a perfectly-connected travel programme, but never reaching their ultimate goal. TMCs might not be technology firms but technology is at the core of the TMC value proposition. Data strategy is a key priority for

travel managers and TMCs alike⁵ with buyers looking to their TMCs to capture the spectrum of travel booking data, regardless of where or how it is booked.

Many travel managers complain that getting comprehensive, accurate data is often impossible.

They have to make big decisions around policy, sourcing and spend half-blindfold. The problem is that data management is time consuming and the existing tools on the market are cost prohibitive. Going forward, global TMCs must be able to gather, integrate, analyse and interpret local data on a global scale, ensuring that their clients' programmes not only benefit from accurate data but from insight into how they can be improved.

In the near future, TMCs will become intelligent hubs for the data generated from travel suppliers, finance, HR and security teams, as well as travellers. Stakeholders will each be connected to a suite of tools through a single connection gateway to all booking, reporting, analytic, risk management and approval; traveller profiles, mobile and expense management.

Personalisation in business travel

DATA IS E

...and gradually encouraging – corporates to personalise their travel programmes, although TMC technology has taken time to catch up, despite a 2016 survey finding that half of travel managers expect personalisation to have a high or very high impact on their programmes this year. The stated aim of the International Air Transport Association's (IATA) New Distribution Capability (NDC) is to offer an Amazon-style shopping experience for those booking flights through a TMC or other third-party supplier. Progress has

been frustratingly slow for many travel buyers.

“Buyers are not averse to change but they don’t have the tools in the market to enable that to happen”

said one leading buyer. Key to personalisation in business travel is the ability for TMCs to recognise, and then anticipate

travellers' likes and dislikes, using technology to replicate what was previously considered great customer service or the human touch. There are many touch points around the idea that employees can make more of their own decisions on their business travel plans. It's been dubbed Managed Travel 3.0.

Another essential element of personalisation within managed travel is the creation of single, web-based portals that cater for all of a business traveller's needs

and consolidate data. Intelligent travel management requires separate, personalised dashboards for the travel manager, booker and traveller. Plus 'smart' traveller profiles that go beyond preferred airlines or hotel groups to how much sleep they need on a flight, or the type of food they like to eat in a hotel.

As the cost of attracting and retaining talent rises for the world's employers, the company travel programme will increasingly be regarded as a means to retain

staff by turning the slog of regular travel into a process in which the individual's needs are in-built intuitively. That talent needs to be mobile too; the "gig" economy reflects a work environment where temporary contract positions are common, and companies use independent workers to fill short-term engagements.

ENABLING

In the near future "gig" workers will be redefined from temporary employees working on a short-term engagement to full-time mobile employee assigned to gigs or short-term projects. The implications of this on travel management are immense, and make the decision of TMC when more crucial to the achievement of corporate goals. We live in a global economy, so why wouldn't you employ a TMC that really can deliver globally?



50%

Personalisation
half of travel managers
expect personalisation

Sources

1. www.thebeat.travel/post/2017/07/21/Global-Business-Travel-Spend-Expected-To-Soar.aspx
2. www.cheatsheet.com/politics/this-is-what-1-6-trillion-bought-in-the-u-s-global-war-on-terror.html/
3. The Beat survey of 160 corporate travel buyers with at least \$500,000 in annual U.S.-booked air volume, conducted June-August 2016
4. www.airplus.com/editorial-files/united-kingdom/documents/english/research-and-studies/globalization_of_corporate_travel_programs.pdf
5. www.businesstravelnews.com/What-to-Watch/2017/Data-Strategy-Will-Step-to-the-Forefront

Additional Sources

- www.businesstravelnews.com/What-to-Watch/2017/Data-Strategy-Will-Step-to-the-Forefront
- www.businesstravelnews.com/Research/New-Tools-to-Consolidate-Manage-Report-Data

About FCM

FCM is a single global brand providing a comprehensive range of corporate travel and expense management solutions. We have a presence in more than 95 countries and are regarded as one of the top five travel management companies in the world. FCM is responsible for the travel programmes of some of the world's most successful corporate brands.

It has always been personalised service that sets FCM apart from the rest and we blend this with innovative technology and unrivalled access to content to drive the optimum performance of your travel programme.

Contact us today to find out how FCM can elevate the performance of your corporate travel programme.