



TOOLS ENGINEERED FOR THE END USER ARE NOT ONLY MORE EFFECTIVE—THEY'RE ESSENTIAL FOR POST-COVID TRAVEL.

WHY MODERN CORPORATE TRAVEL MANAGEMENT TECHNOLOGY ISN'T JUST ABOUT THE TECH

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About this report

Why modern corporate travel management technology isn't just about the tech

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Introduction

As the pandemic recovery continues and companies return to travel, many businesses are seizing the opportunity to modernize their corporate travel management technology. But while a sophisticated and secure tech stack is essential, technology alone isn't enough.

When planning for the next phase of corporate travel, businesses need to understand their travel program's objectives and—in order to meet them—seek out technology built from the ground up, with a sense of purpose baked in. When intention drives the creation of every

technical feature, businesses can unlock the full potential of corporate travel management technology and have the best chance of success.

An effective technology solution will be meticulously designed to help clients and end users achieve key goals, such as business efficiency and cost savings; employee safety, productivity and happiness; and environmental awareness and protection. In the post-COVID world, these goals will be even more urgent—and technology focused on meeting these goals is a crucial part of the puzzle.



The digital state of corporate travel

The digitization of corporate travel was well underway when the COVID-19 crisis hit. While the pandemic paused the market for a time, the dynamics of the recovery period will accelerate the shift online.

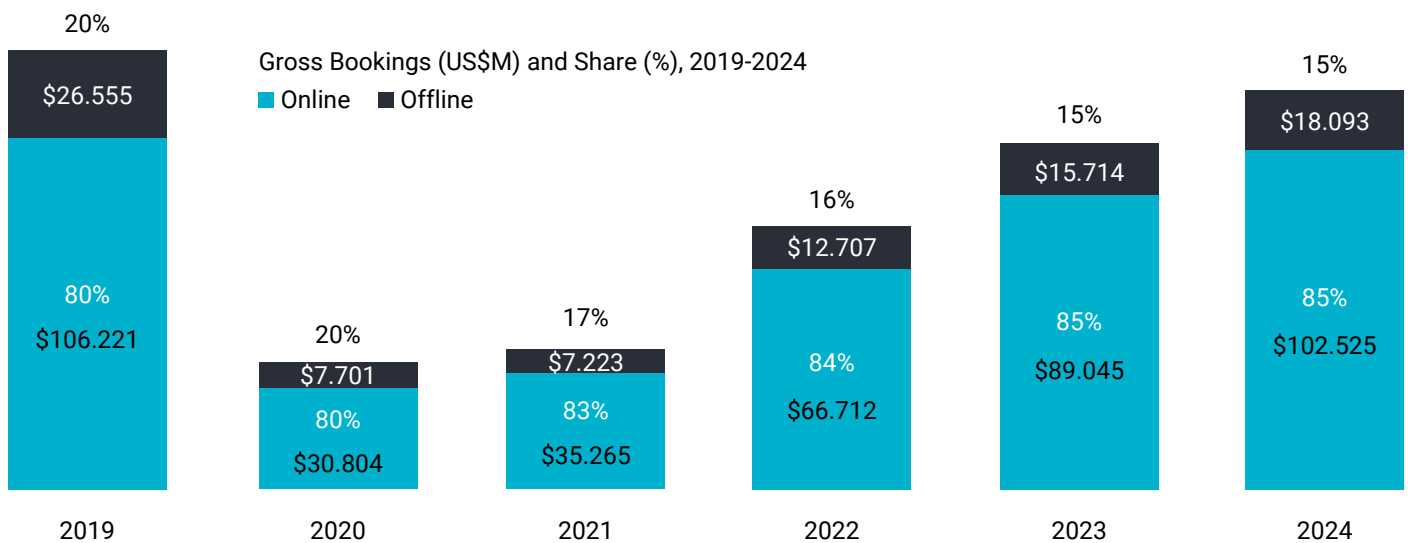
As travel recovers, the ratio of online or digital corporate gross bookings over traditional offline bookings is increasing (see Figure 1). In 2020, the ratio of online bookings to offline bookings mirrored 2019, at 80% online and 20% offline. Through 2021 and 2022, however, online bookings are expected to grow to 83% and 84% of overall bookings respectively. That ratio improves to 85% by 2023.

This growth is set against the backdrop of an industry that's well within the throes of a healthy recovery. The corporate travel market in 2020 saw deeper contraction compared to the overall travel market, with gross bookings dropping 71% to \$39 billion. With economies around the world now recovering, corporate travel is expected to recover at different speeds for every business, but growth across the board will keep accelerating throughout 2021 and into 2022. The managed business market recovery will stretch over the next several years: Corporate travel gross bookings are projected to reach \$121 billion by 2024, representing 91% of the market's 2019 value.

Health and safety concerns, paired with ongoing international travel limitations, will make the return to corporate travel gradual. But as businesses seek to control costs and meet duty of care responsibilities, they will increasingly rely on digital tools to help, by pushing travelers toward in-policy channels. That change is happening now. According to Ofer Ben-David, senior vice president of engineering at TripActions, corporate travel programs are taking advantage of the slow period to replace legacy systems with technology from forward-thinking platforms that are built for scale and planning for the future.

"Making these changes during the 'off season' keeps the load on travelers and managers light," Ben-David says.

Figure 1: Online vs. Offline Managed Corporate Travel



Note: 2020-2024 projected.

Source: Phocuswright's U.S. Corporate Travel Market Report 2020-2024

Recovery and beyond

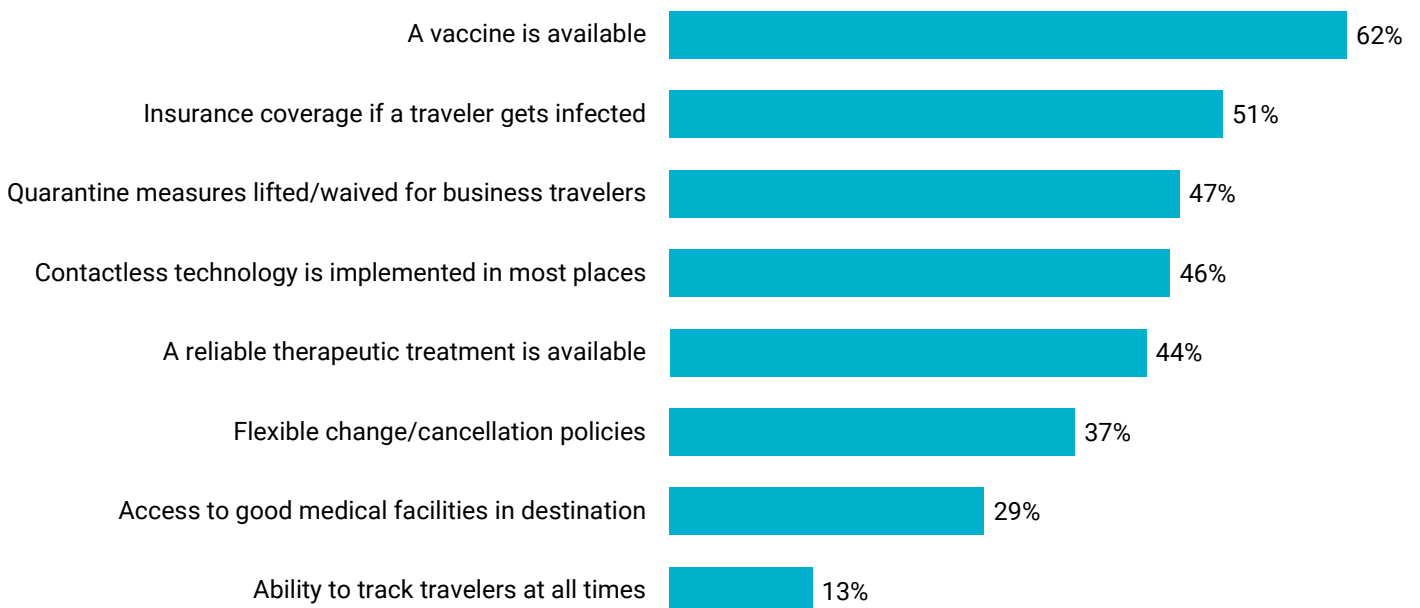
The most important factor for corporate recovery is employee safety, with vaccines being an essential component. More than six in 10 travel managers indicated a vaccine is necessary for business travel to resume (see Figure 2). But there is also increased focus on contactless technology and corporate responsibility to keep travelers safe. While just 13% said the ability to track travelers at all times is a prerequisite for a return to business travel, industry stakeholders agree that duty of care will be a top priority during the recovery—and the biggest challenge facing travel managers over the next two years.

With governments and travel suppliers enacting a patchwork of requirements and restrictions, duty of care has grown increasingly complex. But when travel platforms

begin with the goal of keeping travelers safe and healthy, the technology can help to simplify and strengthen that mission by maintaining visibility across destinations, tracking employees and adjusting travel policy in real time.

According to Ben-David, businesses will be bringing their travel programs back online in an economy that has fundamentally shifted. “It used to be easy to issue blanket travel and spend policies for all destinations with a single stroke of a pen,” Ben-David says. “Now, however, program managers need to ensure that they have critical support and traveler care considerations factored in.” And it’s important for them to know the [key factors to consider around vaccines](#). Having the support of technology focused on all of these goals has become essential.

Figure 2: Vaccines Are Most Important For Business Travel To Resume



Question: Which of the following describe the conditions you feel are necessary for business travel to resume? Select all that apply.

Base: Corporate travel managers (N=229)

Source: Phocuswright’s U.S. Corporate Travel Market Report 2020-2024

Travel policy and compliance

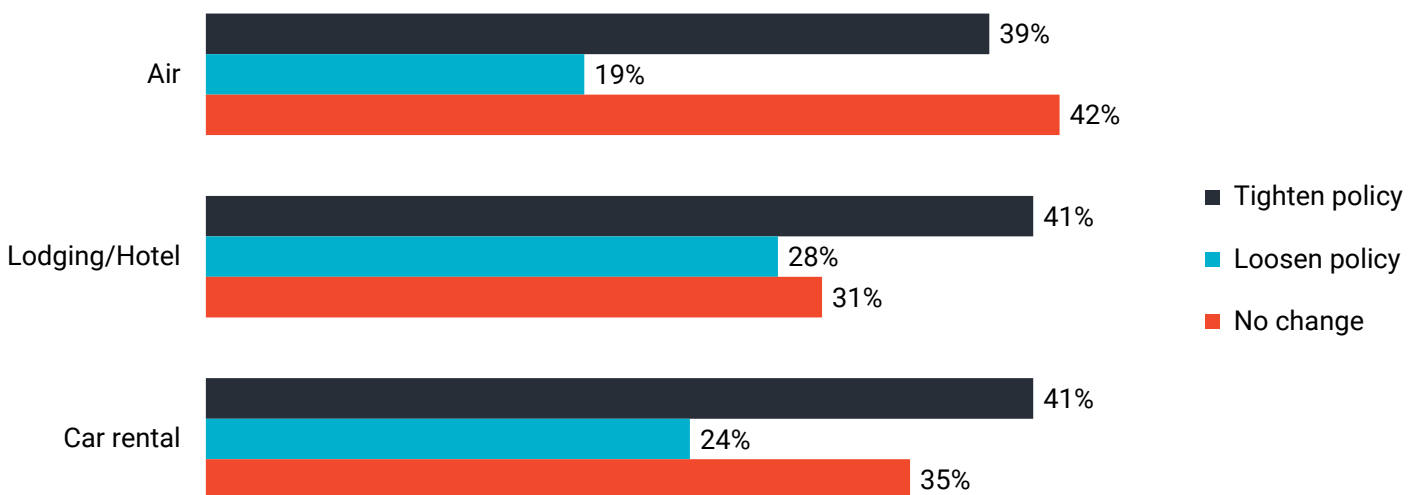
Travel policy compliance has long been a struggle for businesses, and there is broad recognition that legacy systems and clunky booking tools simply can't compete against the alluring range of consumer options. As companies continue to struggle with policy compliance, the pandemic is driving policy changes across segments.

In many cases, corporate travel programs will tackle these challenges with smaller travel teams due to pandemic-era

cuts, making the right technology crucial to recovery. Technology built with traveler safety and duty of care in mind can help companies achieve renewed compliance with redefined travel policies.

While some corporate travel programs in 2021 will maintain existing travel policies, roughly four in 10 plan to tighten policy for air, lodging/hotel and car rental, respectively (see Figure 3). Corporate travel managers are much less likely to report plans to loosen policy.

Figure 3: The Pandemic Will Drive Changes To Policy Across Segments



Question: How do you expect your company's travel policy to change in 2021?

Base: Corporate travel managers (N=229)

Source: Phocuswright's U.S. Corporate Travel Market Report 2020-2024

During the recovery period, however, companies can't focus solely on more restrictive policies; instead, they have to make dynamic adjustments to meet changing needs. According to Ben-David, it's important to acknowledge that policy is no longer "a binary cudgel" used to control travelers. "Corporate travel and spend tools now need to have nuance built into policy so that it's possible

to restrict destinations, types of spend, and classes of service," Ben-David says. "Tools like dynamic policy can also flex to give travelers more or less space when inventory shifts—and you'd be surprised by how much money a simple dynamic policy can save."

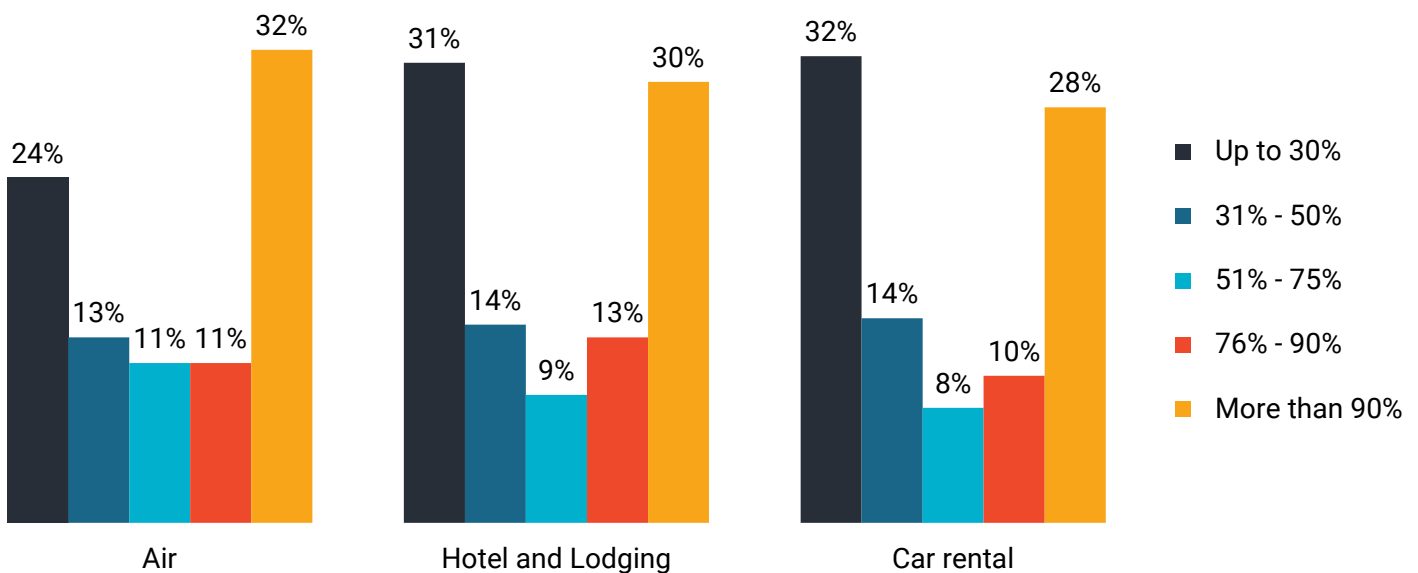
A technology feature like destination blocking, for example, allows companies to respond to changing conditions and adjust policy in real time. And it's intentionally built features like this that help companies improve traveler safety and satisfaction while meeting corporate goals like duty of care; they even help drive cost savings.

This has been an important development, since the overarching trend in corporate travel policy over the past several years has been to give travelers greater flexibility and more options. Companies are increasingly relying on travelers to make responsible choices while staying within budget targets. Even as travel programs adjust policy

during the recovery period, maintaining this traveler-centric approach will be key to increasing compliance. Travel policy, after all, is only effective if travelers comply with it.

Yet compliance remains a key challenge for many corporate travel programs. Only three in 10 corporate travel managers report a compliance rate over 90% for air, car and hotel, respectively (see Figure 4). But many others struggle to get compliance above 30%, especially for hotel and car rental bookings. Roughly three in 10 companies have compliance below 30% for hotel and car rental bookings, with four in 10 reporting the same low compliance for air.

Figure 4: Compliance Remains A Challenge



Question: What is your approximate compliance rate for business trips? Compliance rate refers to all bookings made within travel policy.

Base: Corporate travel managers (N=229)

Source: Phocuswright's U.S. Corporate Travel Market Report 2020-2024

Size is one influencing factor. Companies with lower annual travel spend are more likely to have higher compliance. But as an organization's travel program size increases, compliance goes down. For companies with the highest travel spend (\$5M+ annually), hotel and lodging compliance plummets—with two thirds of companies in this spend bracket reporting compliance under 30%.

Here, too, corporate travel management technology can help—at least, when the goals of business efficiency, cost savings and employee happiness are built into the

booking process. According to Ben-David, companies seeking to boost compliance should work with users instead of pushing policy onto them. Improving the booking and itinerary management flow is an important part of that process.

"Successful programs today work with travelers to centralize and streamline travel and spend, while gently guiding them through the right policy channels," says Ben-David.

Expense management: A better way

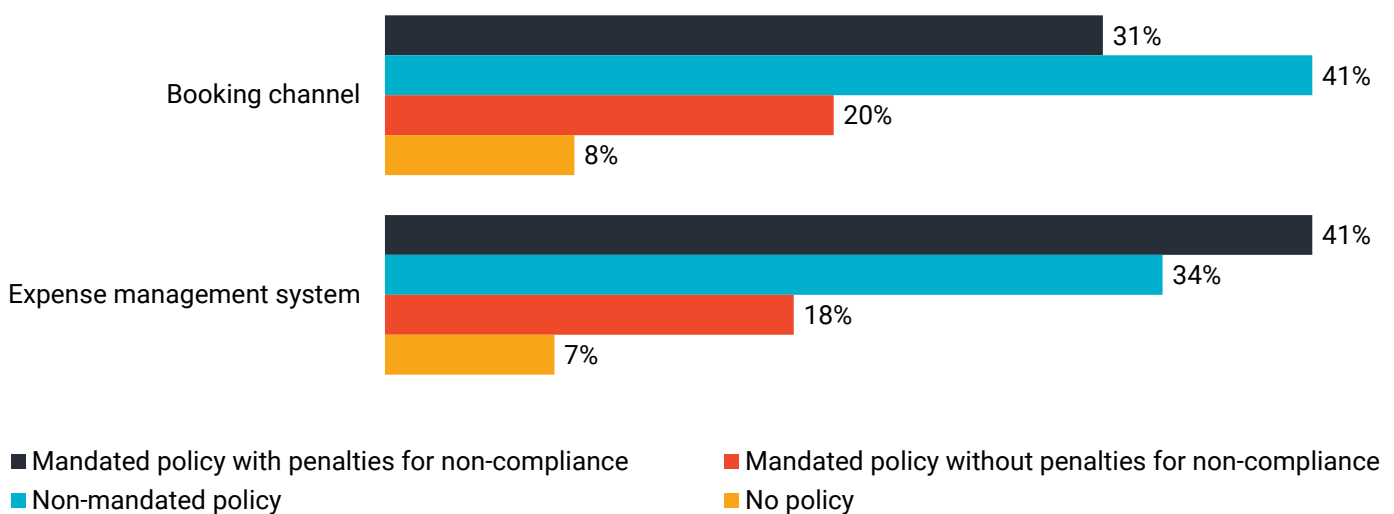
Expense management is a core focus for businesses in 2021, and an area of rapid development as financial technology (aka fintech) gains a foothold in all levels of corporate travel. Travel managers, for example, are focused on using expense management technology to drive compliance, and many seek more visibility into travel spend. Managers, meanwhile, are responsible for an increasingly distributed workforce—creating demand for tools to help manage and assess prospective travel. And overall, companies want greater control and visibility over travel decisions.

Still, many companies continue to struggle with inefficient and manual expense management methods. They don't have to. The modern approach to expense management

is cloud-based, integrated and seamless—and successful solutions are built with the intention of improving the traveler experience, increasing visibility and saving time for managers and accounting teams.

Currently, many companies rely on standalone solutions, and travelers are using a range of often-outdated methods for capturing and submitting expenses. The impact can be felt everywhere. For example, expense management systems are the most commonly used strategy for driving compliance (see Figure 5). Four in 10 companies penalize travelers for not using the mandated expense management tool, while three in 10 enact penalties for booking outside of the preferred channel.

Figure 5: Expense Management Systems Have A Higher Likelihood Of Being Used For Driving Compliance



Question: Please select the option that best describes your company's travel policy for each category.

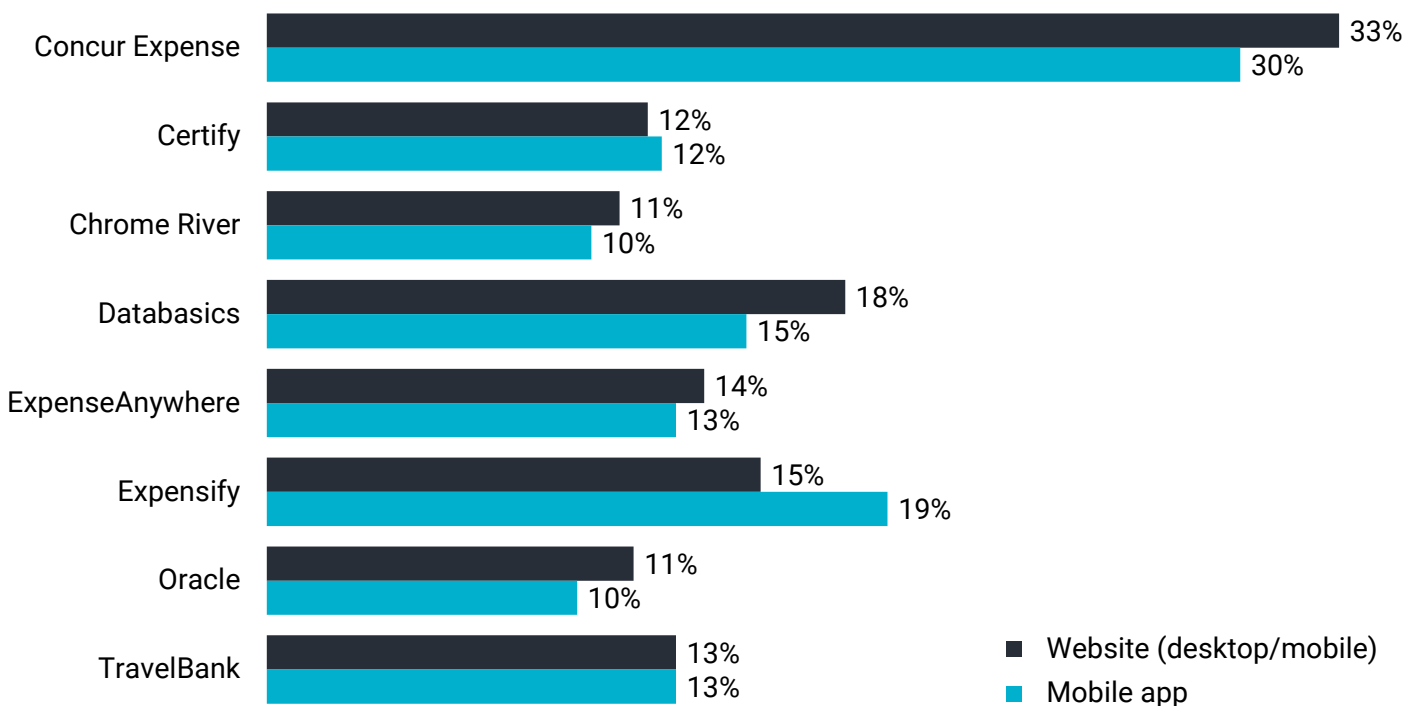
Base: Corporate travel managers (N=229)

Source: Phocuswright's U.S. Corporate Travel Market Report 2020-2024

It doesn't help that the expense management landscape is highly fragmented (see Figure 6), and many of the methods companies are using are not satisfactory. In the organizations surveyed, travelers were equally likely to have access to their expense management platform via a website experience or a mobile app. Travelers who use a website via desktop are often submitting their expenses following travel, with some continuing to rely on paper receipts. Travelers who access their company's expense management system via mobile web may be working with a clunkier interface than would be provided via a mobile app. Regardless, improving expense management is a commonly cited priority among travel managers.

The remedy for these frustrations is an integrated solution built to solve these explicit problems, with the end users always front and center. When implemented, travelers enjoy a streamlined process with no lag in reimbursement; management teams save time while gaining the insight needed to make better business decisions; and finance teams, rid of the headache of monthly reconciliations, can focus on more strategic initiatives.

Figure 6: Expense Management Landscape Remains Fragmented



Question: Please tell us which online expense management solution your company uses, and how travelers can access it.

Select all that apply for both website (desktop/mobile) and mobile app.

Base: Corporate travel managers (N=229)

Source: Phocuswright's U.S. Corporate Travel Market Report 2020-2024

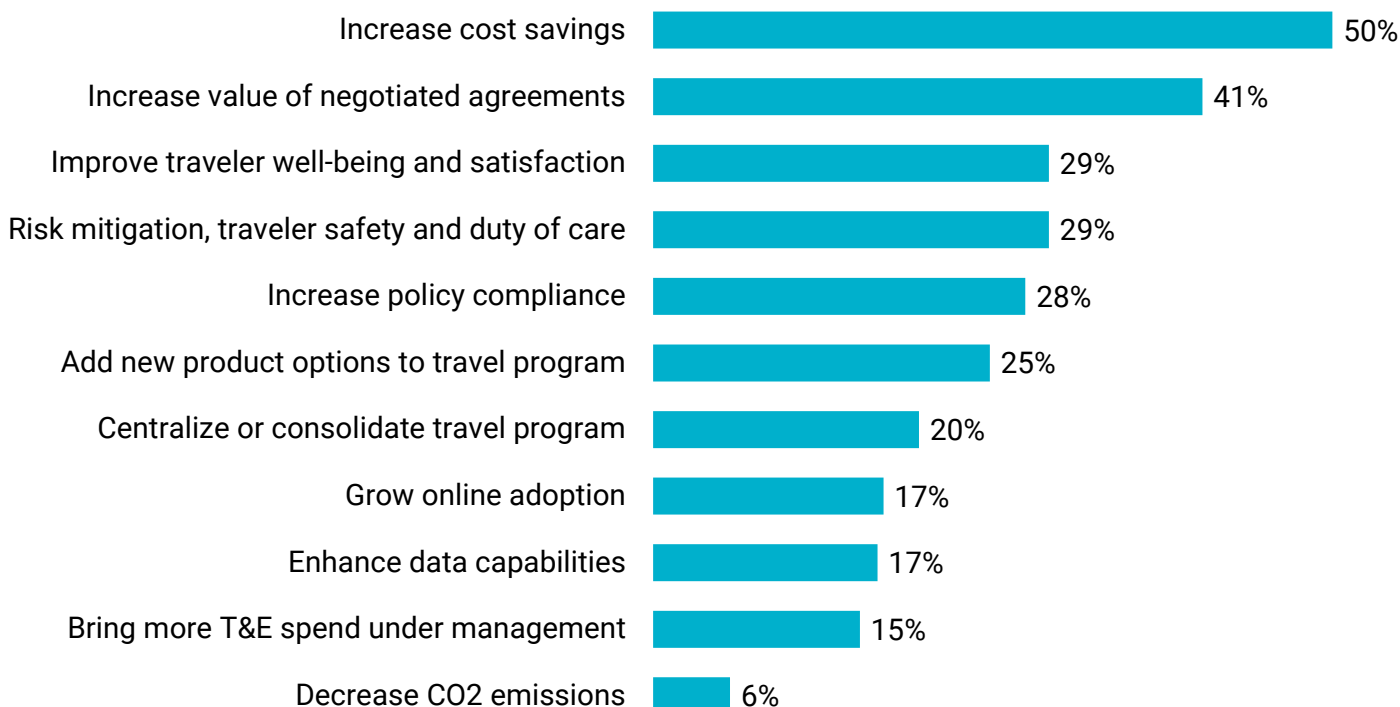
Priorities: Strategy meets technology

As companies prepare to forge ahead in a post-COVID economy, several priorities are top of mind. While vaccines and traveler safety are prerequisites for recovery, the top strategic priority for managed travel programs is increasing cost savings (see Figure 7).

For many companies, budgets remain tight, and travel managers are focused on saving money and proving their program's effectiveness. Half of travel managers

cited cost savings as being among the top three priorities for their company's managed travel program. Other key objectives include increasing the value of negotiated agreements, boosting policy compliance, and improving traveler well-being, satisfaction and safety. These goals are often present from year to year, but the recovery period is shrinking the margin of error and putting increased pressure on travel managers to deliver.

Figure 7: Cost Control Remains Top Strategic Priority For Travel Managers



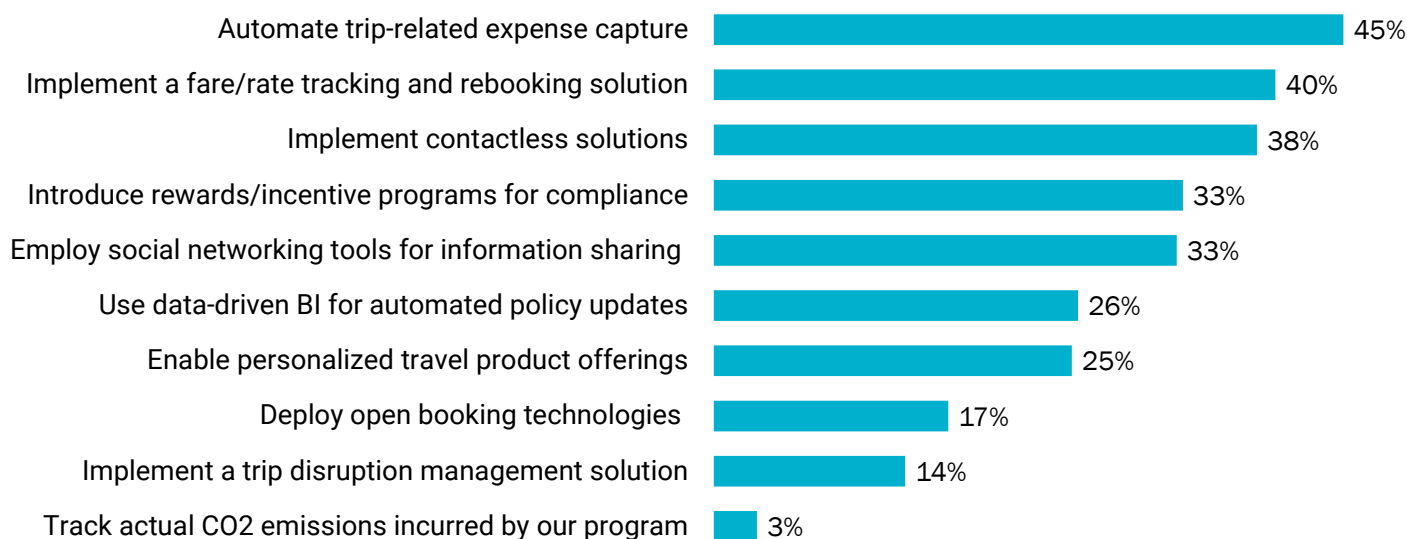
Question: What are your top 3 strategic priorities for your company's managed travel program? Select three.

Base: Corporate travel managers (N=229)

Source: Phocuswright's U.S. Corporate Travel Market Report 2020-2024

The focus on cost savings is also evident in corporate travel programs' technology wish lists (see Figure 8). A desire to automate trip-related expense capture is the top priority for technology investment, with 45% of corporate travel managers including it among their top three tech goals.

Figure 8: Technology Outlook



Question: What are your top 3 technology priorities for your company's managed travel program? Select three.

Base: Corporate travel managers (N=229)

Source: Phocuswright's U.S. Corporate Travel Market Report 2020-2024

Roughly four in 10 travel managers want to implement a fare/rate tracking and rebooking solution, and a similar share aim to implement contactless solutions. There is a growing understanding that incentivizing travelers' behavior is beneficial in boosting their satisfaction and driving compliance; one third of travel managers want to introduce a reward/incentive program for compliance.

And an emerging priority involves tracking CO2 emissions. While a minority of travel managers include it among their top three technology goals, Ben-David reports growing interest in environmental responsibility among TripActions clients.

Overall, the goals of managed travel programs in 2021 coalesce around two overarching intentions: to maximize cost savings while keeping employees safe and satisfied with their travel and booking experience. While some travel programs struggle with compliance due to a mismatch between what the employee wants and what the company needs, the best modern travel management technology is built with the understanding that a user-centric approach is crucial to driving compliance. And compliance leads to the cost savings and safety that companies are looking for in their travel programs. Corporate travel is a two-sided marketplace, and a modern solution should meet the needs of both travelers and the teams managing corporate travel.



After all, travelers are accustomed to consumer technology that puts the user first. Companies like Netflix and Lyft have transformed their industries by providing personalized, on-demand service. Employees want the same quality when booking business travel, and if the tools offered don't deliver it, they are likely to book out of policy.

"Corporate travel and spend platforms have for too long been focused on backend technology," Ben-David explains. "By focusing on the user experience, it's possible to drive adoption—which is uniquely critical in this space—and really focus on duty of care and cost savings."

Tools like personalization and incentives are designed to appeal to employees, but they're also highly effective methods of achieving compliance. Road warriors tend to be creatures of habit, and they want the booking flow to be as simple and streamlined as possible.

"When we provide personalized results for them, it drives adoption and platform happiness, which is the real goal of any corporate travel and spend program," Ben-David says.

An incentivized reward program can also create a surprising amount of savings. According to Ben-David,

"By giving travelers a small incentive to book a much less-expensive hotel, programs save cash, and employees get a small kickback. Everyone wins."

Conclusion: When choosing technology, lead with intention

With an end to the pandemic in sight, employees will soon be dusting off their suitcases and preparing for a return to travel. The corporate travel recovery, however, will be a gradual process, unfolding over the next several years. For businesses, this recovery period provides an unprecedented opportunity to look ahead to the demands of the next phase of corporate travel and modernize their corporate travel management technology.

"Businesses should look for fully digital solutions backed by powerful support agents that can use contextual tools to target, communicate with and support travelers," says Ben-David. "They should also look for tools that seamlessly integrate booking, itinerary management and spend management all in one place. It's ridiculous in 2021 that companies need to use separate booking and travel management tools."

The shift to online booking transformed the leisure travel space, and the current generation of consumer tech has elevated expectations, making user-first technology a must-have. Corporate travel and spend is now in the middle of the same transformation, and the scramble for more effective technology is underway.

Companies must do due diligence when choosing a solution. For the best chance of success, look beyond the technology to the underlying intention. Vendors should be able to explain not only what their technology can do, but exactly how the technical features are designed to meet your goals.



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