

Content Sourcing: THE CHANGING CURVE

As travel distribution hovers between the old and the new, travel managers find themselves on the leading edge

By Gillian Upton

"I have accepted that the best content may not be found in a single channel. We have to be prepared for that." This statement sums up the thoughts of veteran buyer Cathy Sharpe, director of strategic sourcing for global travel and expense management services at ITW, a diversified global manufacturer.

Rather than put her head in the sand and not allow bookings outside the TMC, Sharpe says she has worked tirelessly not to lose savings and duty of care visibility from direct connect bookings.

The challenge for her and other buyers has been to create a sourcing model that embraces the right content for travelers from GDS, aggregators, direct connect and the evolving picture from NDC airlines, all without breaking servicing, policy, reporting, program credibility, negotiated discounts and duty of care.

Photo: AdobeStock





The situation is becoming more and more complex as more channels emerge, including super-apps and AI.

"As buyers, we have to throw the old mentality out the window, think differently about lowest logical fare and booking air more than 14 days prior to departure. All those metrics are fast becoming meaningless in today's world of dynamic pricing and supply and demand," says Sharpe.

There are at least a dozen buyers who have found a way forward, according to travel consultancy Festive Road, which is showcasing these travel and expense pioneers in its Change Wins compilation of 12 Change Makers. "Our aim?" explains Caroline Strachan, founder and CEO. "To help other T&E leaders see the potential for tried and tested options, and for the supplier community to see what's driving pioneer thinking."

One of the dozen has shifted 55 markets successfully to the Navan platform, another has gone live with Spotnana delivering 90 percent end-to-end automation and 28 percent NDC. Another of the 12 is piloting with platform play Blocksky and yet another is going live on data as a microservice to build 100 percent visibility at general ledger level.

The distribution evolution puts buyers at a disadvantage as suppliers' strategies – reducing distribution costs by driving direct connect and improving customer loyalty – leaves them vulnerable to the changes. "This is a supplier-driven industry," says Neil Hammond, a partner at Goldspring Consulting.

ITW's Sharpe, one of the 12 Change Makers, acknowledges that air and hotels alike are undercutting traditional distribution channels, making it difficult to secure the best content (rates). "Distribution

costs are real," she says. "Suppliers pay a lot to the TMC and GDS, I do see their point in trying to circumvent the TMC and GDS pushing travelers to buy direct, and to a certain extent I do sympathize with suppliers. I can see they are trying to market themselves in a better way and achieve better financial results."

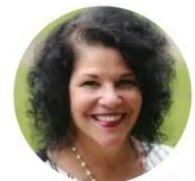
According to Nicola Ping, global manager of travel distribution at FCM Travel and Corporate Traveler, there hasn't been truly innovative or game-changing sourcing models for some time in the corporate space. Nonetheless, she says buyers do have leverage, and offers practical ways they can respond to evolving distribution models. First, Ping says, understand that the buyer's voice is really important and definitely carries weight in these discussions with hotels and airlines. "Second, ensure the TMC has the ability to multi-source content. That way if one supplier removes content from a channel, there is a back-up in place."

For its part, ITW is hoping that joining the advisory board of disruptor Cruising Altitude Technology Inc, utilizing its Altimeter software, will be a game-changer. "I believe we need to have tools and processes for managing the direct channel," Sharpe advises. "I think direct is here to stay if even as a supplement and I like the possibility of delivering richer data and better service to manage the channel of our spend."

ITW, which does business in over 50 countries and operates a highly managed travel program, is one of ten of the largest enterprises in the world testing its Altimeter software. The aim of the advisory board is to shape product direction as they all share the same direct distribution challenges in managing complex, global travel programs.

"As buyers, we have to throw the old mentality out the window. All those metrics are fast becoming meaningless in today's world of dynamic pricing and supply and demand."

— Cathy Sharpe, Director of Strategic Sourcing, Global Travel & Expense Management Services, ITW



SR | Distribution Solutions

“Ensure the TMC has the ability to multi-source content. That way if one supplier removes content from a channel, there is a back-up in place.”



— Nicola Ping, Global Manager of Travel Distribution,
FCM Travel and Corporate Traveler

As Carmine Carpanzano, co-founder, chairman and CEO of Cruising Altitude, explains, “They [the buyers] can speak candidly to the real-world pain points driving demand for a platform like ours: Rate leakage from unmanaged direct bookings, the erosion of policy compliance and duty of care visibility outside the GDS channel, and the limitations of traditional OBT-based programs in a post-NDC environment.”

However, Carpanzano notes that in the Wild West of new distribution channels, it’s hard to tame content disparities. “The most pressing issue is employees consistently finding lower fares online than what’s coming through the TMC/GDS channel,” Carpanzano says. “This has risen to the CEO and CFO level at many companies because the discrepancies have become significant.”

Most buyers are relying on their TMC to find a solution, but this route only covers bookings made through managed channels, so leakage is the real issue. As NDC makes greater inroads into the air programs of corporate travel, the promise – as yet unfulfilled – is that there will be fewer instances of travelers finding cheaper fares online.

Meantime, FCM’s Ping says some corporates have taken a relaxed approach, allowing travelers to change their bookings or upgrade directly with the airline, with the TMC updated for duty of care purposes. “In these cases, some changes may fall outside of policy, but that trade-off is accepted,” she says.

Ping also cites other buyers who are cost and value-focused and quick to embrace NDC while still ensuring that suppliers distribute content through their TMC. “This enables comparison shopping, policy control and approval processes,” she says.

Clearly the approach varies from buyer to buyer.

Nonetheless, Cruising Altitude’s Carpanzano cites worrying statistics flagging the size of the leakage issue for buyers: “Studies show that 20 to 40 percent of business travelers book outside their organization’s managed program, especially among organizations that work with a TMC, and approximately 33 percent of bookings still occur outside approved booking channels,” he says.

“That leakage represents a real and persistent blind spot of travelers booking directly on airline websites or mobile apps, completely outside the program, with no policy enforcement, no duty of care visibility, and no data capture,” he warns. “Buyers know this is happening; most just don’t have a solution for it yet.”

Altimeter aims to plug this hole by embedding corporate controls, policy, payment, duty of care and expense integration natively into the supplier environment where the direct booking is already happening. “We govern the booking in situ, without changing traveler behavior,” says Carpanzano.

This means that travelers can book with, say, United.com and the program is enforced at the point of transaction, complementing the TMC rather than replacing it, and capturing the 20 to 40 percent of direct bookings that currently fall outside most managed travel programs.

Solutions such as these are coming, and for the most part, they use an omnichannel approach. Starting from a clean slate, disruptors such as Spotnana and Navan are building natively across channels. Hammond reckons these tech-first TMCs are ahead of the curve, realizing 10 to 16 times efficiency gains.

Peter Vlitaz, executive vice president, partner relations for Internova Travel Group, is cautious about some of the new sourcing models. “Most in my book are still at the experimental stage and have not been fully vetted. Their companies are not financially viable,” he warns.

Nonetheless, buyers are moving forward and generally adopting a tiered strategy, explains Carpanzano: “They anchor the program to GDS/OBT for the majority of managed bookings, layer in NDC content through TMC partnerships where it’s available and adds value, and accept some leakage everywhere else.”

Amadeus has its own solution via the Amadeus Travel Platform, notes Elena Avila, executive vice president, travel distribution. The platform combines EDIFACT, NDC and other content into one workflow across Selling Platform Connect, Travel API and Amadeus Cytric. “We normalize the differences between airlines and NDC versions, bring EDIFACT, NDC, LCC and even direct-connect content into a single orchestrated platform, and give travel sellers one consistent way to shop, book and service, so they can focus on their business rather than on managing technical divergence,” Avila points out.

The solution brings air, rail, hospitality, mobility, insurance and experiences into a single marketplace, with one connection for travel sellers and one consistent way to search, compare, book and service – regardless of source. “Whether content

“Leakage represents a real and persistent blind spot. Buyers know this is happening. Most just don’t have a solution for it yet.”



— Carmine Carpanzano, Co-founder, Chairman and CEO,
Cruising Altitude

SR | Distribution Solutions

comes from a full-service carrier or a low-cost airline, via EDIFACT or NDC, it lands in the same display with unified flows," Avila explains.

All TMCs are moving forward with a different level of NDC integration and a different solution for their clients dependent upon what factors are driving the program – for example, savings, risk management or flexibility. Best content is therefore different for each buyer.

"Is it more important to have 100 percent content across all content sources, or is it more important to be able to effectively service the content that is available?" asks Julian Russell, executive director of IT and supplier relations at Globalstar Travel Management. "I would argue the latter as otherwise the cost of servicing will negate any savings made from sourcing the cheapest content," he maintains.

"What we have seen is that no single sourcing model has prevailed at this point," Russell argues. "TMCs continue to prefer the GDS where possible, as they are invested so heavily in the GDS in several areas. Other TMCs have adopted a hybrid approach and invested in direct connects with a small number of critical airlines, even as a short-term solution while the GDSs catch up," he says.

BCD, for example, has designed an open-source platform to aggregate, normalize and operationalize multi-source content at scale, specifically NDC, GDS, supplier direct, LCCs, hotel, ground and rail without dependency on any single channel.

"BCD's TripSource platform consolidates, normalizes and enriches this content, applies program intelligence, and shares it across both traveler and agent point-of-sale for a seamless retail experience," explains Thane Jackson, senior vice president of supplier management and delivery.

Greeley Koch, managing director at 490 Consulting and director, travel, Acquis Consulting, describes buyers' flexible strategy – adjusting the approach to meet travelers where they are – as a shift from channel control to outcome control.

"Historically, travel programs were built around controlling where bookings

happened, typically through the TMC and GDS to ensure compliance, access negotiated rates, support duty of care, and capture data. The assumption was that if you controlled the channel, you could control the outcome," Koch says. "That model is now being challenged." As new paths have emerged for content distribution, sometimes travelers are finding better they have options outside the traditional booking channels, which puts pressure on the corporate travel program to deliver comparable value. "As a result some travel managers are shifting their focus from controlling the booking channel to defining and managing the outcomes they need," Koch says.

Meeting the outcomes leaves more options for travel buyers to incorporate multiple content sources in a structured way, Koch says. Those outcomes must still include access to negotiated rates, visibility for duty of care, proper servicing, and complete reporting.

"The goal is not to lose control, but to apply it differently," he maintains. "It is less about where the booking happens



Shopping By the Numbers

Where does all this travel shopping take place? What does it tell us about trends in distribution? In addition to travel providers' direct channels, travelers today have search options across multiple intermediaries such as OTAs, aggregators and metasearch engines.

Over three-quarters of US travelers (78 percent) use metasearch engines before making travel decisions, with over half (55 percent) comparing at least three platforms, generating over 320 million monthly search queries.

Where are users searching?

69% Mobile Devices **31%** Desktop

Features users look for in travel metasearch platforms

52% Predictive Pricing **48%** Real-time Fare Updates

14% Voice Search

Source: [businessresearchinsights.com](https://www.businessresearchinsights.com)

and more about whether the program delivers the right result for both the traveler and the company."

The industry will continue to operate in a hybrid state for some time to come where EDIFACT and NDC will coexist. At Internova, which has an SME solution offering NDC and EDIFACT seamlessly in a marketplace environment, Vlitass reckons that these conditions will last for at least the next three to five years. However, he foresees a near-term future where an increasing amount of content will be delivered by NDC.

In the meantime, as Koch puts it, "We have more content paths, but not yet a consistently seamless managed travel experience across them. The real benchmark is not whether content exists somewhere. It is whether the travel program can deliver it in a way travelers trust and companies can govern."

Indeed. Buyers in this shifting landscape are rightly focusing on driving a compliant and cost-effective digital traveler journey by embracing the changing supplier distribution models. ■