

BUILD YOUR OWN (TRAVEL PROGRAMME)

Why it's time for travel managers to take direct control of
their technology and traveller services

PARTNERSHIP TRAVEL CONSULTING

Unbiased Global Solutions

We've been providing global travel and expense consulting services for 2 decades. Now more than ever business travel requires an innovative and strategic approach to balancing safety service and savings.

Partnership Travel Consulting, LLC (PTC) was founded in 2001 by Andrew W. Menkes. Our management team is comprised of travel industry veterans with expertise in Global Travel Management, Airlines, Hotels and Travel Technologies with an average of 20 years industry experience.

The company is exclusively a travel management consulting firm and does not provide travel agency services, nor handle travel agencies as clients. Our areas of expertise are in travel supplier sourcing and negotiations, global agency and data consolidation, business process reengineering, CTD accreditation and travel technology. PTC is also involved with The Global Business Travel Association (GBTA), as well as other important industry bodies around the world.

Our involvement in all of the major travel industry associations, both as Board Members, Officers and speakers, provides a unique insight into the specialized culture of our industry. Our management team has served in officer and board positions with both ACTE and GBTA.



EXECUTIVE SUMMARY

Build Your Own Travel Programme (or BYO for short) is a growing opportunity for companies to take direct control of some, if not most, of the travel technology and traveller services currently handled by their travel management company.

Why BYO is happening now

- **Travel service delivery is increasingly automated.** Therefore less manual assistance is required from the TMC.
- **Travel technology has become simpler** – and more interoperable. That makes tech tools easier for corporates to manage themselves.
- **It's become easier to pick and choose.** Unbundling is no longer an all-or-nothing option.
- **Covid-19.** Companies are resetting their travel strategies anyway.

Benefits of BYO

- **Take control.** Get exactly what you want from tech suppliers by managing them directly instead of through your TMC.
- **Save money.** Improve the transparency of the money flow, e.g. by diverting hotel booking commissions from your TMC to your Company
- **Reduce your TMC exposure.** Owning your core technology stack/bundle reduces your dependency on a TMC supplier and allows you to switch TMCs more easily if necessary.
- **Improve risk management.** Own your relationship with your risk management provider, delivering specialist travel risk support and reporting.
- **Improve tech supplier responsiveness.** Speed up configuration changes by going direct.



The three stages of BYO

	No BYO	Stage 1 Light BYO	Stage 2 Deep BYO	Stage 3 Total BYO (e.g. Corporate Travel Dept)
Services managed in-house	None	Online booking (including tool configuration and financial arrangements)	Management and integration of all technology IATA or ARC licence to fulfil no-touch air bookings Internal support to manage online bookings requiring offline intervention	All technology and some human assistance for travellers (the rest is outsourced to specialist providers)
Services managed by TMC	Everything	Online booking fulfilment All offline human assistance to travellers	Bookings originating offline Other human assistance, e.g. 24/7 emergency service	Nothing, except possible support as enabler e.g. managing recruitment of insourced travel team, assistance with obtaining IATA licence
Tech tools sourced and managed in-house	None	Core insourcing strategy tools: Profile management system Online booking tool (plus mobile app for travellers) Travel data reporting	Core BYO strategy tools plus all other technology, e.g. Traveller tracking tool (Possible) direct GDS contract Hotel rate management/rebooking tool Tax/immigration compliance tool Meetings booking and management tools	Core BYO strategy tools plus all other technology. Agency management tools (possibly provided by supporting TMC)

Is BYO suitable for your business?

BYO requires a minimum annual travel spend to produce a return on your investment for required in-house resources to manage the holistic travel programme. As a rule of thumb, Stage 1 and Stage 2 BYO generally need a minimum seven-figure spend, and Stage 3 more likely an eight-figure spend.



INTRODUCTION - THE RIGHT MOMENT FOR BYO TRAVEL PROGRAMMES

The question of which services companies should outsource to their travel management company and which they should handle in-house has swung back and forth for as long as managed travel programmes have existed.

Generally the trend had been towards full outsourcing, potentially including:

- Choosing a booking tool through a resale agreement with the TMC instead of directly with the tool provider.
- Letting the TMC select and operate all other technology related to managing the client's travel programme.
- The TMC providing all human assistance to travellers, including telephone bookings for complex itineraries, VIP travel and 24/7 assistance.

Outsourcing to TMCs seemed the obvious choice, because TMCs were needed as specialist intermediaries to manage the travel sector's complex tech tools. Economies of scale also made TMCs more cost-effective for human assistance services than trying to provide those in-house, and no other specialist providers were available.

Internal factors also made outsourcing seem more attractive. Many companies had shifted from dedicated travel managers to procurement-led travel, which often treated travel purely as a commodity. It made sense to pay someone else to manage your travel needs indirectly, because the in-house budget and resources were no longer available.

Why now?

Now technology has evolved again – and so has the direct/indirect travel management argument with it, swinging the pendulum back towards more direct control. At Partnership Travel Consulting we call this trend Build Your Own Travel Programme, or BYO for short.

There are four drivers behind the rise of BYO:

Travel service delivery is increasingly automated

As a result, TMC management has become less important for a widening range of tasks. The simplest example is online booking. Adoption rates today can be very high. Online hotel reservations rarely require human intervention by the TMC, especially if the corporate has its own profile management system (more about this important topic later). If the corporate establishes a direct relationship with the online booking tool provider, there is limited value in additionally involving the TMC.

Travel technology has become simpler

Travel tech tools have become easier for corporate clients to self-manage, and more interoperable. Today's travel tools are more easily able to be integrated with each other and with corporates' own tech stacks (e.g. HR and accounting systems).



It's become much easier to pick and choose

Previously, corporates more or less had to outsource fully to their TMC or keep it all in-house. Today, the choice is no longer all or nothing. Thanks to APIs which allow different tech tools to speak to each other, corporates can configure their own service customisations.

The key is to break down each tech and human service provided by your TMC and judge how much value the TMC delivers with that service. If there is substantial value, it is better left with the TMC. If there is minimal value, it is time to consider bringing that particular service in-house.

Although there are potentially dozens of permutations, we believe there are now basically three stages of BYO evolution: Light, Deep and Total – see the table in the Executive Summary and below for more detail.

The Covid re-set

Most businesses experienced drastic reductions in their business travel volumes when Covid-19 hit in early 2020. Everyone agrees managed travel will never be the same again, so this presents the perfect opportunity and the ideal time to re-think and re-set TMC relationships.

The case for travel managers taking more direct control of their travel programmes had been building for some time anyway. Important issues such as employee duty of care and sustainability mean companies face an increasingly complex balance of strategic considerations beyond simple cost control. The time has come for travel managers to get closer to their programme and all their technology and service providers.

What's in a name? BYO, insourcing or micro-services engineering?

Other terms have been used to describe the idea of corporates taking back control, including micro-services engineering, or micro-services architecture. But those phrases more narrowly focus on taking ownership of travel management technology. 'Insourcing' relates more to full in-house solutions rather than direct contracting with a framework of specialist suppliers. BYO is about potentially taking control of all travel management services, both tech-based and human, in-house.



THE BENEFITS OF BYO

Take control

Removing the TMC removes a layer between your Company and your travel suppliers and tech providers – and that often gives you tighter control and greater ownership of your travel programme, as well as better transparency. For example, if you handle air bookings yourself instead of through a TMC, you no longer need worry whether hidden override agreements are influencing which airlines the TMC sells to your passengers.

Another example is New Distribution Capability, the booking technology increasingly used by airlines for indirect sales. NDC often provides lower fares than through a traditional global distribution system route, but some TMCs may be less keen to sell NDC fares if they can't earn GDS incentives on them, or their own technology does not easily support them. BYO ensures content and distribution choices are made solely in your own interest.

Improve financial transparency and save money

The biggest potential for direct savings comes from taking online hotel booking in-house, creating a platform for corporates to earn the commission paid by many hotels (typically 10 per cent). Corporates may need to work with a 3rd-party or the TMC to establish a channel for claiming those commissions.

TMC transaction fees will reduce overall, but this saving will be balanced by higher internal costs of managing the BYO model. Even so, there is usually a net financial gain, depending on the configuration of the travel programme and levels of online adoption.

Reduce your TMC-dependence risk exposure

Corporates which outsource all technology to their TMC can lack independence. That's fine if you intend to use the same TMC for eternity, or you do not have the volumes or resources for independent travel programme management. For everyone else it's a potential problem. In the current highly volatile marketplace, your TMC could experience a change of ownership that means your relationship is not what it was. Or you may simply want to change to a different TMC.

In all such cases, the new TMC may use or support different tools than your old one had, which means a lot of changeover and transition disruption for you and your travellers. But if you own at least the fundamental technology bundle yourself (booking tool, profile management system and management information reporting tool – see below), you can switch far more seamlessly.

Improve traveller risk management

Managing risk for travellers is more important than ever. One important BYO element is building a direct relationship with a risk management provider, including taking direct control of the alert and traveller tracking systems they provide. This can provide faster alerts and management reports to your desktop. It also enables you to understand and customise better the capabilities of the tool and ensures full visibility of the cost of the service.



Improve tech supplier responsiveness

Working directly with tech suppliers speeds up responsiveness to tool customisation because you no longer have to route every requested change through an intermediary. Direct engagement also gives suppliers a clearer understanding of your organisation's needs. Nothing gets lost in translation and you are more likely to achieve a truly bespoke set-up rather than being configured to the TMC's standard defaults as determined by the majority of their client base.



THE THREE STAGES OF BYO TRAVEL PROGRAMME EVOLUTION

Broadly speaking, BYO goes through three stages of evolution as set out in the table in the Executive Summary. It is worth restating, however, that this is inevitably an oversimplified model, especially in terms of which services do and don't continue to be handled by the TMC.

By no means all corporates which move to Stage 1 of the model will evolve to Stage 2, let alone Stage 3. But what we do see consistently is that corporates rarely move to Stage 2 without going through Stage 1 first; or to Stage 3 without going through both Stages 1 and 2.

Stage 1 – Light BYO

Stage 1 is all about taking over the sourcing and management of three core tech tools essential for all other aspects of BYO:

Profile management system

While a booking tool (see below) is the most visible and familiar of the three core tools, it is arguably the more recent emergence of independent profile management systems that is the biggest catalyst of BYO transformation.

A profile management tool contains all the relevant information about travellers needed to make a reservation. Information fields can include:

- Contact details
- Passport and visa info
- Employee details, e.g. employee number, department, cost centre
- Loyalty scheme membership numbers
- Traveller preferences, e.g. seat, dietary requirements, suppliers
- Payment details

Profile data flows through to almost all the other travel tech tools you use. For example, it feeds the booking tool to govern which booking options are and aren't displayed according to company policy, traveller preference, position in company hierarchy and so on. Profile management also connects to HR systems, thus forming a bridge between key company technology and external travel tools.

Until recently, many profile management systems were mainly GDS-based and maintained by TMCs, using cryptic GDS language. Now corporates can operate their own profile management systems independent of any TMCs they use, and those systems are much more intuitive to use. They interface directly with the corporate HR systems and can digitally-manage new hires and terminations of employment.

Independent profile management enables corporate independence from TMCs. For example, it becomes much easier to switch from one TMC to another because the corporate already holds all its own essential profile information and doesn't have to ask the outgoing TMC to transfer the data to the incoming one. Independence also avoids rebuilding new technical integrations to HR or expense management tools with every TMC change and mitigate some data privacy implications.



Online booking tool

Your hotel commission

Taking direct responsibility for online hotel booking creates the potential for your company to earn and retain the commission payable on its hotel reservations. That's because TMCs would no longer have any work to do to facilitate the booking. Air bookings are different: carriers rarely pay commissions, and fulfilment of the reservation (e.g. ticket issuing) must be performed by a licensed agent, so it is necessary to pay the TMC a fee for this service.

No more delays

Direct contracting of an online booking tool also ends the familiar challenge of waiting for the TMC to make requested changes to configuration. Instead, corporates request changes directly through their tool provider's account manager or support specialist.

No more misinformation

For various reasons, TMCs sometimes misinterpret the full potential of system configuration options on a booking tool. A familiar example is a TMC mistakenly telling a client that an online tool is unable to keep bookings on hold, when the reality is that it is possible, but the TMC has decided to not switch on that particular capability. A direct corporate/booking tool provider relationship avoids these problems.

Travel data reporting

An independent data tool is the eyes and ears of a BYO travel programme. It ensures management information can be gathered and consolidated from multiple booking sources and tech tools.

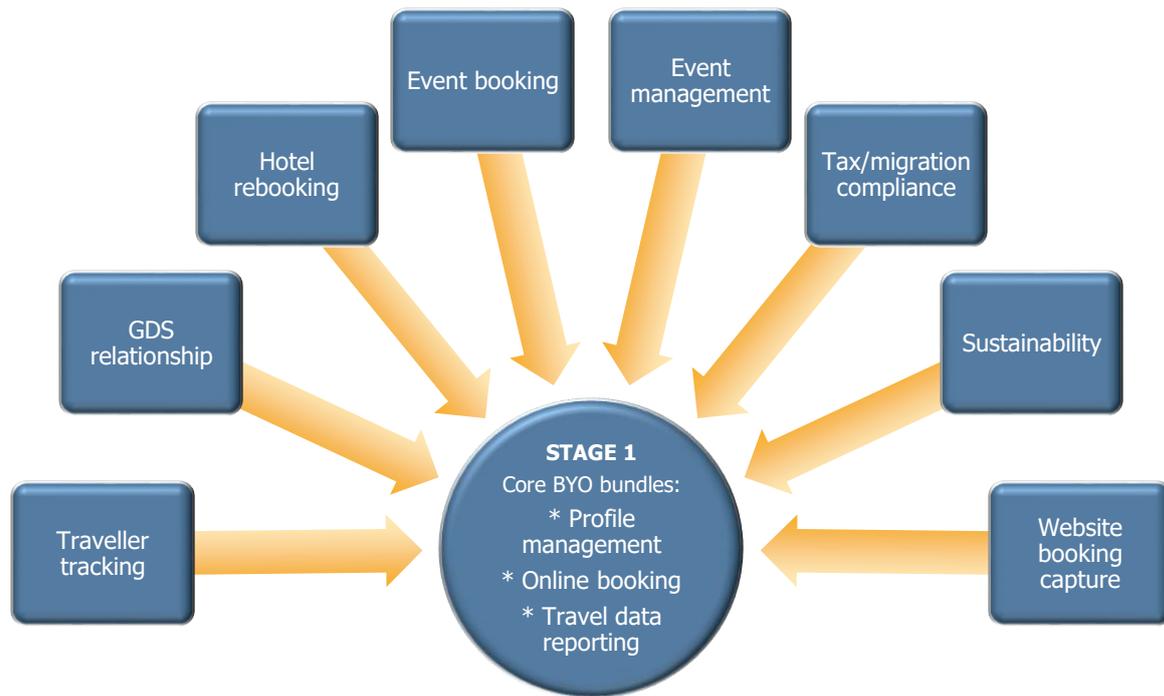
Independence enables you to configure the business intelligence you need to match specific objectives of your travel programme such as budgeting, forecasting, sustainability and driving behavioural change. You now have total control to customise dashboards which track your own and your stakeholders' key performance indicators. It can also give you greater re-assurance in the accuracy and consistency of TMC data, with a 3rd party monitoring the data quality.

Stage 2 – Deep BYO

With the core BYO strategy tools in place, corporates can start to build a more advanced technology eco-system (or platform, or stack, or bundle – whichever terminology you prefer) around it. The core allows all the other tools to be integrated.

In Stage 2, the corporate takes greater responsibility for all technology-based services for travellers as well as the management of the travel programme. The core tools acquired in Stage 1 allow you to slot as many travel tools as you want into your unique stack/bundle.





Stage 2 also usually sees the corporate acquire licensing (either directly or as a standalone agency branch of an accredited TMC) to self-fulfil online no-touch air bookings.

A TMC is retained for specialist human assistance services to travellers, such as booking complex trips, VIP service and 24/7 assistance.

Sign your own GDS agreement?

Corporates with substantial travel spend can also consider signing a direct deal with a GDS. This would oblige your TMC fulfilment partners to carry out fulfilment through your selected GDS partner. In return the GDS will pay you an incentive, on top of the one it pays the TMC (do not allow TMCs to wrongly advise you that a direct contract will eliminate their GDS income).

The money earned from a GDS incentive is not enough on its own to justify adopting a BYO strategy but it can certainly help part-fund the strategy.

TMCs are generally accepting of a direct GDS contracting approach, however it is wise to ensure that all relevant regional content is available through your selected GDS – otherwise your decision may have a negative impact on the TMC's service to your travellers.

Stage 3 – Total BYO

This is where all technology and human support is removed from the TMC. It is a logical final step-up but requires significant commitment of resources which is likely to appeal to a smaller number of companies.

Some human support services, such as offline booking of complex itineraries, may be taken in-house. Others, like 24/7 emergency assistance, are much more likely to be outsourced to a new generation of specialist providers.

Historically, total BYO is most common in the US, where a recognised accreditation structure, the Corporate Travel Department (CTD) is designated by national airline agency settlement body Airlines Reporting Corp (ARC). But it also exists and is entirely feasible across Europe and globally.



GETTING STARTED WITH BYO

What does it take?

Minimum spend

The more heavily you take direct control of your travel programme, the higher the travel spend needed to justify the amount of time and money invested. There are absolutely no rules here, but as a very rough guide BYO Stage 1 and Stage 2 would be appropriate for companies with a minimum seven-figure spend, and Stage 3 for an eight-figure spend.

Resource dedication

Stage 1 BYO will need at least one full-time travel manager – and the help of an expert consultant (see below). Stage 3 will, by definition, require a team of full-time travel professionals because the TMC function has been taken almost entirely in-house. But Stage 2 is also likely to need more than a single full-time travel manager, especially someone with operational experience to oversee booking tool configuration and manage reservations which flip from online to offline.

These resources can be recruited directly or contracted through specialist consulting firms or forward-thinking TMCs.

Up-front investment

There is a financial outlay upfront, mainly in personnel to handle tasks previously outsourced to the TMC. IATA or ARC bonding for air ticket fulfilment in Stages 2 and 3 would also be a cost. However, this investment will be either completely or partially offset by revenue from hotel commission and reduced TMC costs.

The right culture

BYO is an attractive proposition for companies with a history of managing corporate processes in-house. On the other hand, this strategy may not fit comfortably for businesses which lean heavily towards outsourcing.

Expert help

BYO can be very rewarding – but it is a major step, and it's advisable to have your hand held by people who have been through the process before. Companies which adopt BYO usually bring in external consultancy support to help them.



How to build your BYO strategy

Understand what you want

Review the strategic goals of your company travel programme and how well you achieve them today. Examples include cost control, wellbeing, sustainability and transparency. Evaluate how successfully you reach those goals through your current TMC arrangements and whether you would meet them better if you self-managed more of your technology and services.

Build the business case

Assess in detail the money flows within and behind your TMC relationship. Challenge your TMC to provide a full breakdown of your fees. For example, how much of the fee you pay your TMC for online bookings goes to the TMC and how much to the booking tool provider?

Understand the potential income revenues as well as outgoings. In particular, how much commission does your TMC earn on hotel bookings it manages on your behalf? A specialist consultant can help to provide detailed analysis tools and market expertise.

What's the right model?

The answer to this question will evolve but it is important to map out an initial strategy for which technologies and services you wish to take in-house and which you wish to leave in the hands of your TMC. There are many different permutations and no rigid rules, so take time to customise those choices according to your specific needs and build your own unique bundle of travel tech and suppliers in your travel programme.

Approach tech suppliers directly

BYO means liaising directly with more tech vendors than in the past. There are a growing number of options out there. Again, a consultant can help outline all relevant options on the market in each category.

Appoint a project manager

A major strategic change of this kind needs someone to own it – and that person needs a good understanding of travel tech tools and, in particular, how to integrate them. You can either appoint internally to manage the project or use external specialist resource.

Build a step-by-step plan

BYO can be done as gradually as you feel comfortable with, even over several years. As discussed in this paper, there are three main stages to the process but within those stages there are many potential variations. For example, you may wish to progress a few countries at a time if your travel programme is multinational, or to shift relationships with tech suppliers from agency resale to direct one at a time. But do create a clear vision from the beginning of where you want to get to.



CONCLUSION

BUILD YOUR OWN TRAVEL PROGRAMME IS AN OPTION ALL TRAVEL MANAGERS SHOULD REVIEW

BYO may not be for everyone, but it is an option that makes sense for many more companies than you might think.

At the very least, we recommend every full-time travel manager (or procurement manager who oversees travel) evaluates the case for adopting Stage 1 : Light BYO model - directly managing a core bundle of profile management system, booking tool and travel data reporting. Owning this core BYO bundle makes your programme more stable, guarantees your independence and lays the groundwork for you to progress to Stage 2 – Deep BYO: integrating any permutation of additional tech and services with ease.

Stage 3 – Total BYO – is worth contemplating for a small number of companies with substantial travel spend, solid in-house expertise and a business culture comfortable with in-house management.

To discuss how to begin evaluating the benefits BYO could bring to your organisation, please contact:

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NOTES

