

# FUTURE OF BUSINESS TRAVEL

**03** DISRUPTORS SHAKING UP THE MARKET

**04** FLYING IS SET TO GET A LOT MORE PERSONAL

**10** MAKING RAIL TRAVEL TRULY SEAMLESS



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# FUTURE OF BUSINESS TRAVEL

Distributed in

**THE TIMES**

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INNOVATION

# The disruptors muscling in on business travel

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Business travel is a fragmented and complex industry ripe for disruption, but barriers to entry remain high

### Nick Easen

Maybe it's the suits, the smart shoes or pressed collars that fool many into thinking business travellers are a different breed of consumer. Except they aren't; they book holidays, surf Airbnb and ride Uber like anyone else, and with great expectations. This is now driving a new wave of consumerisation in corporate travel, in the process giving oxygen to disruptive startups.

"Amazon, Google, Apple, Baidu and Alibaba have raised customer experience and expectations to an entirely new level. At the same time, most executives experience the exact opposite when they travel; business travel is a disjointed, disconnected mess," says Scott Case, chief executive of Upside Business Travel.

The industry should be a fertile ground for innovation. Bookings are more consistent than leisure, executives increasingly want to manage their own trips online, and there's lots of data and money to be made; after all it's a growing \$1.4-trillion industry, according to the Global Business Travel Association. Yet the sector is fragmented and complex, and it remains largely undisrupted.

"It's all about the travel experience and that's the sum total of many

service touch points, all which must be executed successfully to produce a happy business traveller, from airlines, hotels, ground transport companies to travel agencies and duty-of-care providers," explains Miriam Moscovici, senior director of research and corporate innovation, at BCD Travel.

Yet many touch points run on antiquated technology stacks that aren't integrated, barriers to entry are high, and there's also an ecosystem of players at the backend of the booking process, which have taken decades to evolve and work together like a not-so-well-oiled machine.

"Business travel is a sector where providers have clung on to outdated technology, in sharp contrast to consumer travel," says Jill Palmer, chief executive of Click Travel. At the same time, the current economic model isn't profitable enough to fund the kind of innovation needed to transform the experience; in other words, the industry is a hard nut to crack.

"As the corporate travel industry scales up digital investments, including mobile, data and automation, the number of venture capital or VC-funded startups have mushroomed in parallel, increasingly training their collective brainpower

# 65%

of global air travellers are willing to share personal information to speed up processing at the airport

# 45%

would choose to use biometric identification as a replacement of their passport

# 68%

prefer using self-service bag drop options

International Air Transport Association 2018

Nathan Hobbs on Unsplash

“  
Silicon Valley’s most esteemed investors think the sector is ripe for a shake-up and have pumped money in

market, there’s room for multiple players,” says Neil Ruth, co-founder of Taptrip. “This is great for travellers as it means they have more solutions coming to market, while for corporations, they have more options to save travel costs.”

What all startups have in common is they believe the future lies with technology. Their potential is now fuelled by improved data services and access to better, aggregated travel content, including options that have traditionally only been available on leisure sites.

“However, there’s still limited inventory, and it is hard to get access and integrate it all to airlines, hotels, trains and global distribution systems,” says Gideon Pridor, chief marketing officer at TravelPerk, a booking platform that’s just raised another \$60 million in funding.

Because travel is a tough sector to disrupt at its core, many are therefore innovating at the periphery, quickly filling in the black holes that orbit the industry; this is where the low-hanging fruit is. Some cover tax or return on investment of business trips, others aggregate meeting spaces or corporate flights for events.

For instance, Taptrip focuses on small businesses underserved by the sector. Your Parking Space is an online marketplace for parking, which won a recent Business Travel Association award. Lumo predicts delays before you fly, then offers alternative itineraries. Railguard helps businesses claim for train delays. Rocketrip rewards employees for saving on business trips. The list goes on.

“There are a lot of new niche apps and tools disrupting this space; many are trying to address a single part of the journey. They are trying to fix the problem from the bottom-up by winning over the end-users with superior technology and user experience,” says Mr Pridor.

Titans of the industry, including the big travel management companies, are now fighting back investing in improving their own platforms. They’re also either incubating startups – think American Express Ventures – or replicating their activity.

“Any time money is invested into the space, it raises the bar and forces the industry as a whole to up its game. That can only benefit the traveller and their organisation in the long run,” says Kirk Hayes, director of platform and product partnerships at SAP Concur.

The big issue will be the fallout; not all will survive. It’s one thing to create a great new app with some traction in business travel; it’s another to scale it and conquer the universe. Watch this space. ●

on disrupting what is a traditionally conservative industry,” says Valerio Fuschini, chief architect at CWT.

Silicon Valley’s most esteemed investors think the sector is ripe for a shake-up and have pumped money in. They’ve also realised, as have other VCs in Europe, that new startups in this space require significant financial backing, so to get it right takes deep pockets.

“Business travellers are more demanding than leisure travellers as they need services to be 100 per cent reliable, because executive trips are stressful. Therefore, the standards required by corporate clients on service quality, data security and storage, as well as GDPR [General Data Protection Regulation] compliance are very high,” says John McCallion, founding director of Booking.com, now chief executive of GroundScope.

For some it’s going well. The startups’ posterchild, business travel platform TripActions, joined the global unicorn club with a valuation in excess of \$1 billion last November; a recent funding round took that valuation to a staggering \$4 billion. This is a major milestone for the small guys; if TripActions can change the way corporate travel works, so can they.

“There’s so much room for disruption and, given the size of the



# Making travel smarter

How data, psychology and technology can be used to change traveller behaviours, improve wellbeing and cut costs

**F**ew industries are going to be left untouched by the emergence of powerful technologies that change both how people live their lives and how they navigate the world of work. The future of business travel management is no different and will undoubtedly see innovative technologies created which better meet the evolving demands of travellers and organisations.

Reducing travel costs, eliminating unnecessary travel and simplifying the entire travel experience remain important goals for corporate travel bookers, but there is a growing need to gain an understanding of how these factors relate to traveller wellbeing.

Unless organisations are able to unify their disparate data, for example by joining together human resources (HR) data with travel data, it will be difficult to understand the often complex reasons behind why people travel in the way they do. Yet many organisations hold their data in silos that limit their ability to extract actionable insights to help improve the experience for travellers.

“By bringing together data sets from around the business, including HR

records, absenteeism and attrition information, organisations are able to identify traveller personas that provide insight into the probable impact travel is having on employees,” says Trevor Elwood, chief commercial officer at Capita Travel and Events, a leading specialist in travel, meetings and event management.

Capita Travel and Events have heavily invested in advanced data science expertise. Their work is enabling organisations to improve understanding of the underlying relationship between travel and the performance of employees, as well as the wider organisational impact of travel and meeting spend. Through their smarter working approach, backed by behavioural science, Capita Travel and Events supports employees and travel bookers to make informed decisions when booking travel.

“With thousands of these data records, we can start to see the wider view of their current travel policies. Deep analysis of data sources has consistently indicated a high concentration of travel leads to a higher probability of being absent versus their non-travelling colleagues,” says Mr Elwood.

A key strategy that many organisations are now following is making the link between travel and meetings. Capita Travel and Events are innovating in this space with their “meetings at the heart of travel” thinking. Meetings generate travel, so through understanding the total cost of a meeting, including the impact on wellbeing, travel time and lost productivity, you start to create strategic opportunity.

The use of traveller personas allows organisations to improve the level of personalisation their employees have throughout their entire travel experience. “We enable organisations to present a booking process to employees that has already been designed to offer the most relevant services to

them. If they want to select or deselect items, it’s possible within company policy, but the organisation’s best outcome is always preselected, based on some of the travel components. Individuals have to then consciously deselect that choice; it’s a highly effective nudge designed to ensure travellers and travel arrangers do the right things,” says Mr Elwood.

As business leaders understand the importance of employee wellbeing and increasingly view employees as one of their most valuable assets, they will benefit from partnering with a travel management firm that can support employees in being well rested, productive and happy in their jobs.

Capita Travel and Events is uniquely positioned to meet the changing demands of customers as the travel management firm has appointed a chief data officer, a head of behavioural science and head of traveller experience to ensure organisations not just understand why people travel the way they do, but also shift traveller behaviours so they plan, book, meet and travel smarter.

“We’ve built our business through strategic acquisitions to address significant market gaps. We integrated industry-leading firms, including a hotel booking specialist, a rail specialist, and a meetings and events specialist. This has resulted in a company that is focused on creating better outcomes and value for our customers who share similar profiles of high levels of domestic travel and meetings spend, and the need for uncompromised online enablement,” Mr Elwood concludes.

“  
Through smarter working, we enable employees and travel bookers to make informed decisions when booking travel, all with wellbeing in mind

For more information please visit [www.capitatravevents.co.uk](http://www.capitatravevents.co.uk)

**CAPITA** | Travel and Events

## PERSONALISATION

# Flying could become a lot more personal

Business and leisure travellers have historically been offered the same customer service, despite their differing needs, requirements and expectations. But that could all be about to change...

Emily Hill

**H**ans Christian Andersen once said, “to travel is to live”. He may not have had business class travellers in mind, but if you live your life travelling for work that life is set to improve, radically. In future, when it comes to business class, there won’t just be options to consider, you’ll enjoy a personalised experience based on price, convenience and comfort.

Within the next five years, business travel is predicted to show such rapid growth it will be worth £1.3 trillion to the global economy, up from £1 trillion in 2017, according to Allied Market Research.

“The business travel audience for an airline is super high value and that’s why they’re all challenging their business models to see who can win in this race,” explains Randel Darby, chief executive of luggage concierge service AirPortr. “If you look at BA, the business audience they cater for makes up the majority of their global revenue. So that gives you a feel for how important it is to come up with a good proposition for business travellers.”

Jason Wynn, chief commercial officer at Upside Business Travel, says: “Personalisation is the future and it’s coming quick.” The company is the first business air travel booking site which uses advanced tech and expert human support especially catered to their business class passengers.

“The exciting part is what becomes possible once you can afford to work on true transformation. Our system uses machine-learning and data to train our software to get smarter and smarter with every trip, and as a result each trip becomes more personalised than the last,” says Mr Wynn.

Upside Business Travel focuses on price as clients don’t have to pay additional fees for quality customer service and companies get 3 per cent cashback on their total travel spend. This brings the leisure market’s desire to compete on price to the business market too.

Another key to innovating is appreciating the difference between



Drazen\_/Gettyimages

the two markets. Business air travel is driven by frequent flyers who don’t have the time to amble through the airport looking at the duty free or buying magazines to read on the plane. They are experts at moving through airports as fast as possible, so one way to personalise is to relieve them of any baggage that will slow the process down.

Business travellers don’t want to be queuing with leisure travellers, who are perhaps not as familiar with

how to get through an airport as quickly as they are, Mr Darby points out. AirPortr intends to revolutionise this situation by removing the source of the frustration entirely. They offer priority check in, on the doorstep at a time determined by the business traveller.

“It cuts out all the ambiguity of how early am I going to have to get to the airport, how long are the queues going to be? You just go straight through. Business travellers want to be hands

free and productive,” he says.

In the future, this personalised approach may be implemented across the whole of the journey, thanks to biometrics. Referring to London’s Heathrow Airport, Mr Darby adds: “In Terminal 5, they’re now testing fully automated self-serve boarding for customers so you no longer need to see, necessarily, an airline agent, because you are biometrically enrolled. What’s to say that we couldn’t build that into the doorstep too? Create fast track through security as a product.”

AirPortr and Upside Business Travel are already ahead of the game when it comes to making a name for themselves in pioneering personalisation, but many other travel companies are looking to the future and investigating how emerging technology will impact the way we think about business air travel.

“Generally, business travellers are more schedule driven as opposed to price driven,” says Rashesh Jethi, head of innovation for airlines at Amadeus, explaining how personalisation may help going forward. “By using data, with the traveller’s consent, we can identify traveller trends such as preferences, past trips, preferred airlines, airports, amenities

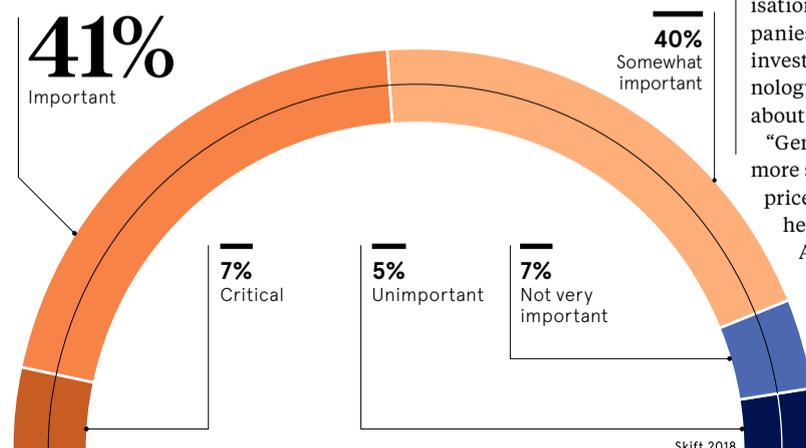
and payment methods. This means we can dynamically build and present the right offer.” It’s not just a matter of choice, it’s about an experience that’s tailor made.

Sylvia Brune, founder of AHOY, a leading flight booking app for business travellers, says: “It’s hard to know ahead of time whether you will be stressing to catch the flight and therefore need fast track or will have to work on an important presentation and therefore need better ticket class where you can power your laptop.”

Change can happen in seconds, so responses must be made in minutes. Ultimately, it’s vital future business air travel becomes much more personalised because of the very nature of business itself.

## BUSINESS TRAVELLERS WANT PERSONALISED SERVICES

Business travellers rated the importance of hotels, airlines and travel management companies personalising purchase experiences based on specific needs and past interactions



**By using data, with the traveller’s consent, we can identify traveller trends such as preferences, past trips, preferred airlines, airports, amenities and payment methods**



## Top personalisation trends

### FOOD

**1** A major source of frustration with airlines is the lack of personalisation when it comes to food. As a frequent flyer to North America, a new idea that has excited AirPortr's chief executive Randel Darby are schemes such as American Airlines' partnership with Zoës Kitchen, which launched

in late-2017, to provide an impressive array of onboard dining options. "The whole personalised food and beverage space with airlines is an interesting one," he says. "Business travellers are creatures of habit; they know the restaurants they love and it's going to ease the pain of their journeys to have a little home comfort away from home."

### 'ALEXA, BOOK MY FLIGHTS'

Artificial intelligence (AI) innovations are set to revolutionise the way we live our lives in so many ways. In the future, AI will help direct the business traveller to the best business class fares, the best flat beds and so on. "In particular, the leverage of machine-learning and natural-language processing

(NLP) can make the process of shopping, booking and on-boarding for a business trip much more frictionless and tailored to a business traveller," says Rashesh Jethi at Amadeus. "NLP-aided bots can facilitate any real-time interaction or human assistance needed in the process, such as issues encountered with checking in or getting seat assignments."

### ECO-FRIENDLY FLYING

**3** Climate change is a major concern when imagining the future, so personalisation concerning carbon missions is likely to become increasingly important. One travel company working on this is SAP Concur. "Through the use of our technology, companies can request and receive reports

giving them their carbon footprint, as well as the footprint of individual journeys that employees are looking to book," explains Darryl McGarvey, SAP Concur's director of channel development. "This can be used as an advisory piece of data through to, in some cases, companies looking into excessively carbon-heavy journeys if a cleaner one is available."

### BUSINESS CLASS SEATING

In the future, redesigning business class areas of the plane itself could enable spaces to dynamically adjust to configure with a passenger's needs. "The on-board flight experience will become more tailored and reactive to the customer," predicts Luke Miles, founder of the advanced transport

architecture studio New Territory. "Products that register and respond to body temperature, eye movement and hydration levels will gradually be embedded into these new spaces, triggering lighting and entertainment changes within your seat space based on whether you're awake and working or beginning to fall asleep while watching a film."

### LUGGAGE

**5** Baggage handling is one of the key sources of friction for air travel to the extent that the International Air Transport Association has published a resolution on baggage tracking is intended "to encourage airlines to further reduce mishandling by implementing cross-industry

tracking for every baggage journey". As a result, AirPortr is hopeful it will be able to introduce a service that will collect luggage from the doorstep and deliver it to the destination. If that happens, AirPortr's Mr Darby concludes: "A bag goes from being a big blocker to the journey, to something that's just there in the background: totally transformational." ●

# Travel brands build better margins through payments optimisation

Managing inefficient payment systems is a challenge for companies in every industry, but particularly in travel, which is an industry plagued with baked-in complexities

**F**ragmented geographically and by the immense diversity of businesses in its ecosystem, every basis point counts for travel industry players. Inefficient and expensive payments are disproportionately important to maximising their profitability. Add this to the invisible costs of fluid regulatory, technological and geopolitical conditions, and the travel industry finds its margins squeezed tighter every year.

Traditional payment solutions, including corporate credit cards, expose travel brands to unnecessary costs. For example, some budget airlines charge a fee for payments via particular card types, while other preferred payment methods, such as bank transfers and IATA BSP (International Air Transport Association billing and settlement plan), leave companies exposed if an airline goes into default.

From airlines to hotels and cruise bookings, travel agents and online travel agencies (OTAs) typically pay many suppliers in multiple currencies with high transaction volumes. In this scenario, even relatively small charges seriously damage the bottom line. For example, when a company books a business trip through their travel agency, that agency has to pay its suppliers, including low-cost airlines which charge anywhere between 0.5 and 3 per cent to accept payments by higher-cost cards.

In an industry with 5 to 10 per cent profit margins, a 3 per cent fee is tremendously impactful. That's why more and more travel companies are choosing payments optimisation platforms specially designed for business-to-business payments to see their margins improve by up to 26 per cent.

"Payments are an organisational blind spot in the travel sector when they should be anything but," says Aran Brown, chief executive at Ixaris, a leading global payments company.

**“ Payments are an organisational blind spot in the travel sector when they should be anything but**



Ixaris's intelligent payments optimisation platform is scheme agnostic, offering both VISA and Mastercard and providing prepaid or credit accounts. This flexibility ensures the right funding and payment options are available to suit each company's needs.

Travel brands that don't embrace technologies empowering them to achieve greater control over costs can expect to face additional difficulties in managing their payments. Travel agents using less flexible platforms often require back-up contracts to ensure they can access all the payment methods they require. Using multiple platforms makes payment reconciliation and administration exponentially complex.

"A lot of our competitors provide either a prepaid or a credit model, neither of which is necessarily the best model for everyone. And we're seeing competitors' card acceptance rates decreasing simply due to the fact that they can only offer one or two card types. OTAs that use these platforms need to create relationships with many suppliers and are losing out on profitability as they aren't using a platform with a complete product portfolio to choose from," says Mr Brown.

Ixaris supports its customers with continuous research on the payments ecosystem. "We share the findings of our monthly research with our customers. We work with our clients and partners to help educate their employees about the best cards to use in each payment situation. By providing the aggregate data to customers about how our cards are being used, they can

**+50**  
countries served

**75%**  
annual growth

**80%**  
global market coverage through GDS

gain genuine insight into how to make their payment systems more efficient," Eddie Harrison, product director at Ixaris, concludes.

Ixaris Payments is available direct to travel brands or through integrations with the major global distribution system platforms, which means a travel company's employees don't have to juggle multiple systems to make and pay for a booking.

For more information please visit [www.ixaris.com](http://www.ixaris.com)

**ixaris**

# THE LIFE OF AN INTERNATIONAL BUSINESS TRAVELLER

The demands of regular overseas corporate travel can put a strain on even the most seasoned of travellers, so ensuring an efficient and seamless journey is vital if travel companies and airlines hope to stand out from the competition. So what do customers actually want when it comes to business travel?

## IMPORTANCE OF MAKING BUSINESS TRAVEL MORE ENJOYABLE

Survey of business travellers on the impact of more enjoyable travelling experiences



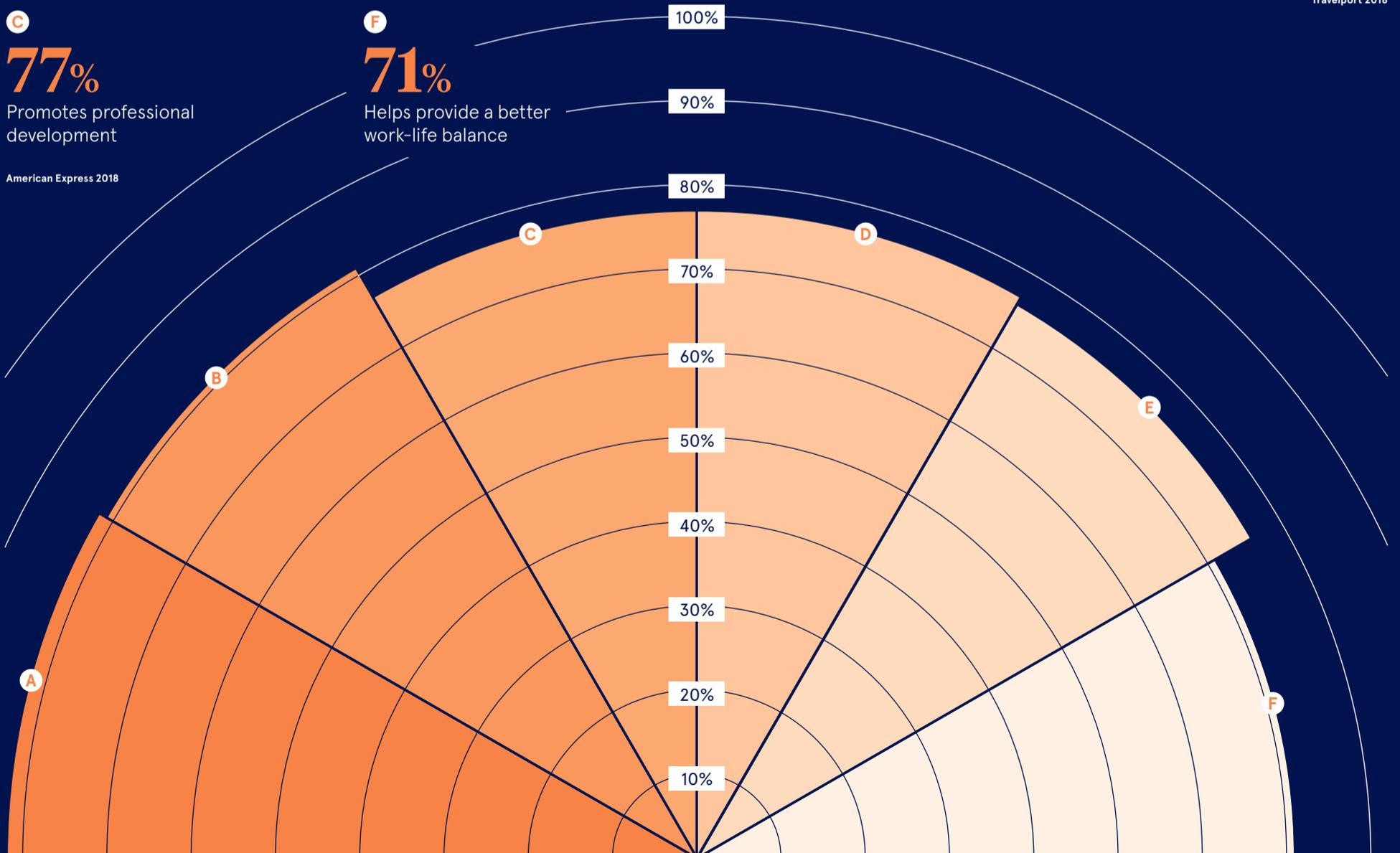
American Express 2018

## TRAVEL FREQUENCY

Optimum number of times a year business travellers would like to travel for work



Travelport 2018



## CONVENIENCE AND CONTROL ARE IMPORTANT

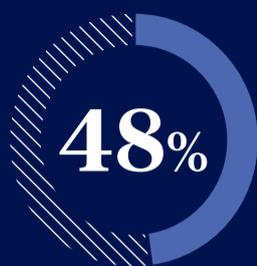


of business travellers want the ability to fly direct

Egencia 2018



say they want to select times that work best for their schedule



say the important element of a travel programme is the ability to control bookings themselves

## WHAT TRAVELLERS LOOK FOR IN AN AIRLINE

Importance of the following when selecting an airline for international business trips, on a scale of one (unimportant) to five (critical)

Skift 2018



## WHAT BUSINESS TRAVELLERS LOOK FOR IN A TRAVEL MANAGEMENT COMPANY

Importance of the following when selecting a TMC, on a scale of one (unimportant) to five (critical)

Skift 2018



## TECHNOLOGY AND AUTOMATION APPETITE

Percentage of business travellers who would be comfortable using an automated service for the following

Skift 2018

95%

To check details of my trips, such as times and address

83%

To research options for my trip

81%

To check in for my trip

78%

To complete my expense report

69%

To purchase my trip

45%

To make changes to trip plans

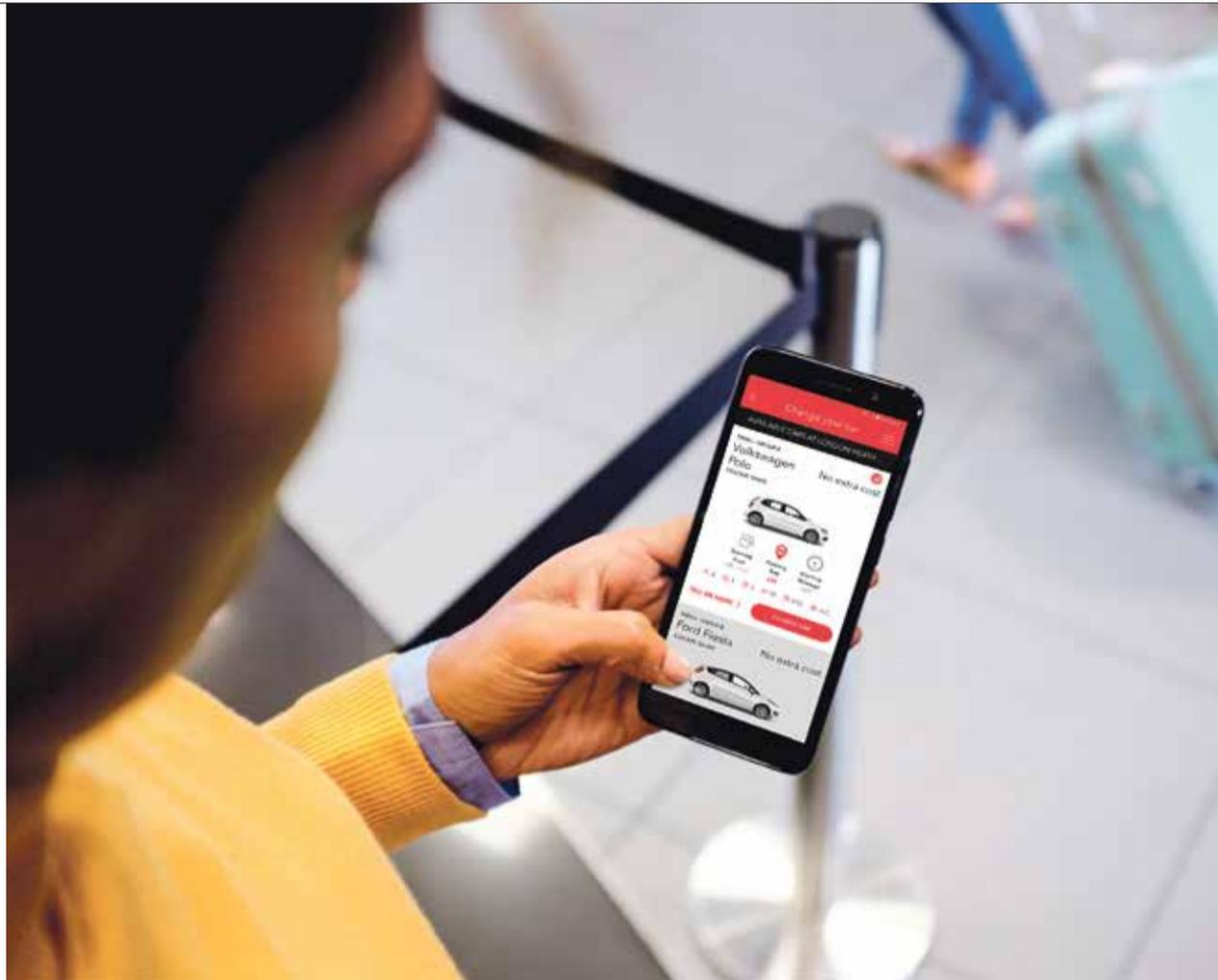
12%

To address problems with my trip

# Q&A

## Pioneering the future of mobility

Avis Budget Group is on a mission to reinvent the rental experience and ultimately change perceptions of the car rental industry through ongoing innovation and digitisation. **Nina Bell**, managing director of Avis Budget Group for Northern Europe, explains the importance of delivering a personalised, streamlined and innovative experience for all leisure and business customers



With the Avis app you're in the driving seat making all the choices

**Q** In what ways are innovative technologies improving or changing how people travel?

**A** Technological advancements over recent years have greatly impacted the way people travel. From electronic passport gates to booking car hire, hotels and more through our phones. As consumers, we are looking for a completely connected, seamless, transparent and stress-free experience.

Travellers want more flexibility and control, with on-demand capabilities paramount to get from A to B, whether that be bikes, scooters, vans, cars they drive, cars driven by others and, some day, cars that drive themselves.

We've embarked on an ambitious process to digitise our business, enabling us to connect our fleet for a more on-demand experience, but also to streamline the overall customer journey. Examples include the self-service capabilities of the new Avis app, our Maintenance & Damage Management System, an industry first that takes 360-degree images of the car for full transparency on

any damages, and our Flight Arrival Notification technology, which means customers who book directly with Avis will not need to worry about the rental desk being closed after flight delays as it will stay open, even past working hours.

However, in the digital age, it's critical that different players within the travel industry collaborate to deliver a fully, interconnected transport service to customers and businesses. From our more than 20-year partnership with International Airlines Group, to our multi-modal partnership in Germany with bike-sharing provider Nextbike, we are leading the way in demonstrating the importance of travel services working together in a technology-driven world.

**Q** What role does Avis Budget Group play in the future of mobility?

**A** We believe mobility will be completely integrated, on-demand and connected, delivered to both consumers and businesses, as a service.

Numerous steps have been taken to ensure we evolve to meet the future needs of customers and partners. We've launched more than 100,000 connected cars into our fleet, we have a Mobility Lab in Kansas City to pilot new customer experiences and collaboration with cities, we've partnered with Waymo, Lyft and ViaVan on fleet management as a service, and we're migrating our entire platform to the cloud to further extend the potential to integrate new technologies into the customer journey.

With more than 70 years' experience and 30,000 people spread across 180 countries, we are not only well positioned to move mobility forward at a global scale, but we are not afraid to make the bold decisions needed to revolutionise the future of mobility and we are focused on leading the way.



**Nina Bell**  
Managing director, Avis Budget Group for Northern Europe

**Q** What features does Avis Preferred provide to users?

**A** We are proud of our award-winning, free-to-join loyalty programme Avis Preferred, which enables leisure and business travellers to enjoy many perks, including priority service.

The new Avis app also means Avis Preferred members can enjoy straight-to-vehicle access, bypassing the rental desk completely, at major European destinations.

Members can also receive the usual benefits of booking direct with Avis, such as free additional driver, and the Avis Price Promise which states you won't find a cheaper Avis car anywhere else or we'll refund the difference.

**Q** How is the Avis app changing the conventional car rental experience?

**A** We are reinventing rental by making the overall experience more streamlined and personalised. Customers prefer to choose their vehicle, enjoy quick service and skipping queues; the new Avis app allows our Avis Preferred members to do just that and has seen more than two million transactions since launch.

The app is designed to empower travellers, giving them straight-to-vehicle access as well as complete control of their rental from start to finish. This includes selecting the exact car you

want, not just the car group, from two hours before the rental starts.

**Q** Why is it important for Avis Budget Group to have a fully connected global fleet?

**A** For customers, it will mean a seamless and more intuitive experience, and from a business perspective, vehicle data is delivered in real time, resulting in a more efficient workforce, better maintained vehicles and ultimately an improved experience. This enables us to have more cars available for our customers, faster.

Connected cars to consumers means the car can link to any of their devices, so by using the Avis app customers can open the car with their phones, flash the lights to locate their vehicle and, in time, have personalised preferences remembered, such as seat position or radio stations.

Currently, approximately 15 per cent of our UK fleet is connected, partly due to partnerships with PSA Groupe, as well as our recently announced partnership with Continental, which will see 25,000 vehicles in our European fleet enhanced with its key-as-a-service technology.

**Q** How is Zipcar enabling more convenient journeys for users?

**A** Avis Budget Group is the parent company of Zipcar, the world's leading car-sharing network with more than one million business and leisure members around the world.

With a rapidly growing membership of approximately 280,000 members in the UK, it's playing a key role in changing public attitudes to private vehicle ownership with self-service vehicles available by the minute, hour or day. In London, we have approximately 3,000 vehicles; these cover our round-trip service, when you pick up and drop off your Zipcar in the same car parking space, and our one-way, floating Zipcar Flex service.

We work closely with partners and cities to help tackle congestion and pollution issues. We have the largest, publicly available electric vehicle (EV) fleet in the UK and since introducing approximately 325 VW eGolf last summer, Zipcar members have driven more than 1 million EV miles. We are also committed to help companies impacted by low emission zones. Zipcar for Business is providing match funding for businesses planning to scrap their diesel vans, as part of the mayor of London's diesel scrappage scheme, which is worth up to £7,000.

**Q** How do you utilise technology to benefit your business customers?

**A** We provide tailored mobility solutions for corporate businesses, small and medium-sized enterprises, and those requiring van hire services. Our online Avis Rental Tool is available in the UK and provides visibility and transparency of the car hire spend, with the ability to manage multi-levels of policy compliance.

All reservation, live hire and invoicing data is updated every 24 hours, ensuring our corporate customers have access to up-to-date driver selection, usage, compliance and travel policy management.

We're proud of the great relationships we hold with our customers, as shown with retention rates currently running around 99 per cent for UK corporate clients.

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PAYMENTS

# Stopping expense fraud, for good

For too long companies have turned a blind eye to corporate travel and subsistence fraud, but there are solutions to make processes more efficient and secure

Clare Gascoigne

One of the top-ten phrases used in email conversations among employees engaged in corporate fraud is “they owe it to me”.

It’s a state of mind that in part accounts for the scale of corporate travel and subsistence fraud, one of the most common ways of cheating. Who hasn’t added a few miles to their expenses? Doesn’t everyone get an extra blank receipt from a taxi driver and put in a claim or two for journeys that haven’t been made?

“People don’t think it’s fraud when it’s little and often,” says Adam Reynolds, chief executive of Webexpenses, an expense management software company.

Part of the problem is that historically expenses are claimed retro-

spectively. Mr Reynolds says: “Employees are quite frustrated by the expense management process; they spend their own money, but claiming it back can be arduous and slow, stapling a receipt to a spreadsheet, getting it authorised by a line manager, posting it off to head office. It can take weeks and, if there’s a query on one item, it can delay a whole claim.”

Many companies are surprisingly willing to turn a blind eye. What line manager wants to risk antagonising an otherwise excellent employee by arguing over a few pounds here and there? But not only do the numbers add up surprisingly quickly, but a lumbering expenses process can also have an impact on more than the bottom line.

“Relying on the ‘Bank of Employees’ impacts the perception an employee has of the business. In today’s competitive market for talent, that can be a real issue,” says Paul Raymond, director of strategic relationships at Conferma, a fintech company specialising in virtual payments. He adds that we have to start seeing overinflated claims as an overhead that can be reduced, instead of accepting it as a cost of having employees out on the road.

Technology being developed in the card payment industry can help. Mr Reynolds says companies can see a 30 per cent reduction in travel spending through more efficient systems for charging and reconciling travel claims.

A first step is to have a clear expenses policy, with big-ticket items such as flights or hotels booked through a centrally managed system. A lodge card, where one credit card is lodged with your travel management provider and all expenditure is charged to the card, helps cut fraud, but still requires a lot of post-event reconciliation and offers little individual freedom.

A corporate card, which pre-sets spending according to the company’s expenses policy, gives a measure of control over those out on the road. Corporate cards offer a high level of granularity as you can control where the card is used by setting merchant codes or when it is used by setting time limits.

Yet, according to Paul Spelman, managing director of AirPlus International, which provides business travel payment solutions, many companies mistakenly still fear

abuse. “The misuse spend on corporate cards is just €72 per €1 million,” he says. That may in part be due to the level of oversight; spending can be monitored in real time, so irregular spending patterns can be spotted quickly and the card instantly cancelled.

Some help for companies using physical cards will be provided by new legislation coming in September that will demand two-factor authentication for online purchases of more than €30. Security can be further improved by using mobile payments, which can use a biometric confirmation such as fingerprint or face ID.

“Mobile payments are likely to skyrocket,” says Mr Reynolds. “We all have a phone in our pocket now and you can easily integrate home and work spend through technology.”

The most secure solution for many companies is the virtual card, which is a digital online purchase process that links back to a single central account. Each single-use “card” is simply a 16-number code that is used in the same way as a physical card, but with precisely targeted limits, such as a spending limit of between £300 and £380, between September 10 and 14 on a hotel, for example.

Virtual cards can be easily linked to back-office systems and cannot be stolen or used for anything other than what they are intended for.

“It makes the whole process about as secure as you can get,” says John Makin, chief information security officer at Conferma. “All the data is available centrally and you can see exactly what’s being spent and where.”

“You don’t have to carry a card or cash. You can push a virtual card to a mobile device. The trick is to make it easy to use, then an employee doesn’t have the ability to behave inappropriately.”



10000 Hours / Getty Images

a company. Although, according to the US Association of Certified Fraud Examiners’ 2018 Report to the Nations, expense reimbursement fraud accounted for nearly a quarter (21 per cent) of fraud in small businesses with fewer than 100 employees and 11 per cent in large businesses with 100 or more employees.

But the surge in Action Fraud’s numbers suggests companies are not only finally taking employee fraud more seriously, but also getting much better at detecting it and prosecuting. In total, businesses submitted more than 1,400 reports to the police about corporate employee fraud in 2017-18, a rise of 76 per cent on the previous year.

The average loss per report in 2017-18 exceeded £62,000, up from £50,000 in the previous year. Action Fraud says nearly one in five businesses have been defrauded by an employee at some point.

## How big is the problem?

Employee fraud is big business. Last August, Action Fraud, the UK’s national fraud and cybercrime reporting centre, revealed businesses reported £88 million in losses from corporate employee fraud in 2017-18, more than double the reported £40 million lost in 2016-17.

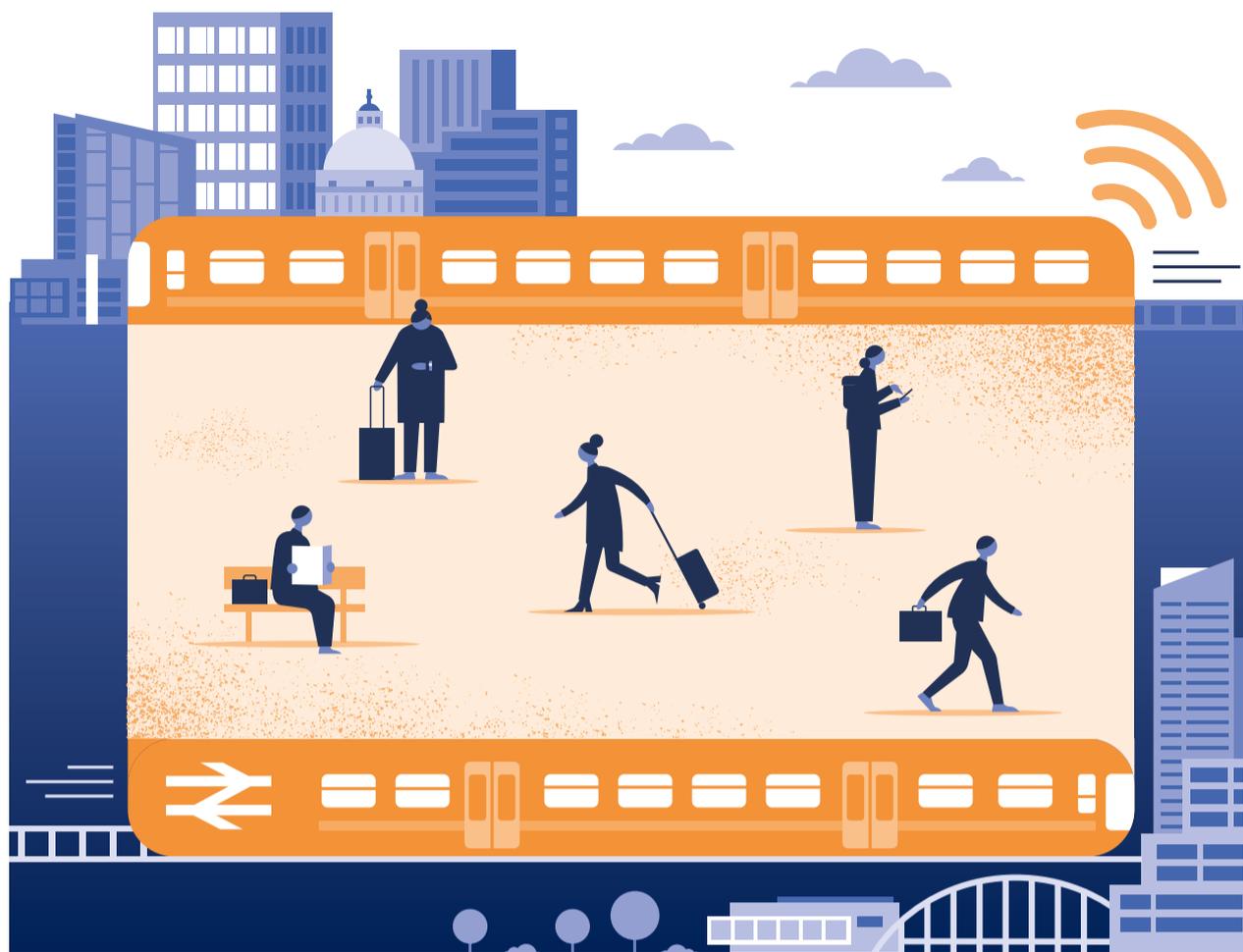
Of course, travel and subsistence is only one way for a crooked employee to defraud

## ATTITUDES TOWARD TRAVEL EXPENSE REPORTING

American Express 2018

UK survey of business travellers





## CONNECTED BRITAIN

# Will the UK ever experience truly seamless travel?

As infrastructure projects promise to increase connections between distant regions in the UK, rolling out London's account-based ticketing system nationwide could be a boon for domestic business travel

Olivia Gagan

London may still be the epicentre of UK business, however ambitious infrastructure plans are advancing to generate industry outside the capital, making a more connected Britain for business travellers.

In the north, Aberdeen and Edinburgh airports are in the midst of expansions which will enable them to accommodate a combined four million extra passengers. Bristol, Newcastle and Cardiff are among the tens of other regional airports also with growth plans.

The £56-billion HS2 rail development is set to connect Birmingham, and eventually Manchester and Leeds, with London via high-speed trains. Supporters say the new rail lines will reduce the need for high-carbon, short-haul air travel and free up room on the UK's existing railways that can be used for more freight and, therefore, more trade.

In another boost to business beyond London, the proposed £39-billion Northern Powerhouse rail scheme,

dubbed Crossrail for the North, is hoped to make commuting times between northern cities, including Liverpool, Sheffield and Newcastle, comparable with journey times across Greater London.

In short, rather than focusing on bolstering London's infrastructure and commerce capabilities, the UK's other towns and cities are planning to become better connected to each

**“The idea is that you, in effect, become the ticket; you can seamlessly travel between different modes of transport**

other. So, what does this mean for business travellers?

From a practical perspective, as more business trips are undertaken and at more unpredictable times, the introduction of new routes will only make the UK's existing infrastructure problems more pronounced, according to Robert Nisbet, regional director of rail industry membership body, the Rail Delivery Group.

For business travellers, the UK's rail system is still running “on a fare system based around the idea of a season ticket”, says Mr Nisbet. Businesses and individuals are asked to stump up hundreds or thousands of pounds upfront for their monthly or yearly travel for each mode of transport. Fares for different kinds of public transport, buses, rail and air, for example, are not capped or integrated with each other. This siloed system was designed for people travelling five days a week, working nine to five. “People do not travel like that anymore,” he says.

By contrast, in London a business traveller can get to work by bus, then jump on a tube to a meeting, before taking a late-night train home, all tracked and paid for via a capped electronic or ticketed payment. The capital offers its commuters a fully integrated network with transparency over routes and pricing, something national public transport networks are not currently set up to provide, says Mr Nisbet.

The Rail Delivery Group is proposing reforms to see London's account-based ticketing concept spread nationwide. He says: “The idea is that you, in effect, become the ticket; you can seamlessly travel between different modes of transport.”

Such a move would require the dismantling of a national rail fares system that was created in the 1990s. “Successive governments have shied away from it because it is thorny. There will be winners and there will be losers when you tear apart a fare system and build it back up again,” says Mr Nisbet.

However, given increasing calls for flexible shifts and working from home, why are multi-billion-pound investments in physical infrastructure to drive business travel still needed? The numbers of workers staying at home, rather than commuting Monday to Friday, is rising. Union umbrella organisation the Trades Union Congress reports 373,000 more employees working from home in 2019 than in 2009, a jump of 27 per cent.

But at present, just 6 per cent of UK homes and businesses have access to full-fibre broadband, impinging on the ability to perform and deliver work online at speed. Prime minister Boris Johnson, like his fellow Conservative Party leadership contender Jeremy Hunt, promised to achieve blanket UK full-fibre coverage by 2025 and 2027, respectively.

Even if all homes and offices are equipped with lightning-fast internet access, there is still an expectation that employees will be available to conduct business in person, says Dr Rachel Lewis, associate professor of occupational and business psychology at Kingston Business School.

“I think if we looked at this ten years ago, there would've been an expectation that UK business travel would massively go down because of digital technologies. Whereas, in fact, data shows business travel is actually at the same level, and increasing, than it has been in previous years,” she says.

The rise of flexible working hours, growing numbers of freelancers and increased demands for part-time contracts has simply changed travel patterns, rather than reduced the number of travellers on public transport. “That's because there is still high value placed in doing business in person,” says Dr Lewis. Companies she works with are “still talking about the necessity of closing deals face to face”.

So, the approach of a fast, integrated national travel network sounds like a boon for businesses up and down the country. But she wonders what the impact will be on business travellers themselves.

“With the rise of digitally enabled transport – wifi on trains and

## RALLYING FOR REFORM

What UK business travel passengers think about the current fares system

**80%**  
of business travellers believe it is important that the government works with the rail industry to enable change within the next three to five years

**70%**  
think it's important that the fares system is updated to enable flexible workers to save money through pay-as-you-go pricing or a 'tap-in, tap-out' system

**45%**  
say rail fares always or often feel too rigid so they have to fit their plans around them

**5%**  
feel the range of rail fares on offer always fits with their lifestyle and the way they want to travel

Rail Delivery Group/Populus 2019

increasingly on planes, and in the future driverless cars – all those things are enabling us to continue to work,” says Dr Lewis. “The time between meetings is now used not for recovery, or thinking, but for further work. Breaks are being eroded.”

As both digital and physical infrastructure improvements bring UK businesses closer together, travellers are increasingly expected to perform in two places at once, the office and on-site elsewhere. “What we are finding now is that when people are travelling for business, they are essentially doing two jobs,” she says. It seems business travellers can anticipate more work in the future, not less. ●



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