The Connected Journey
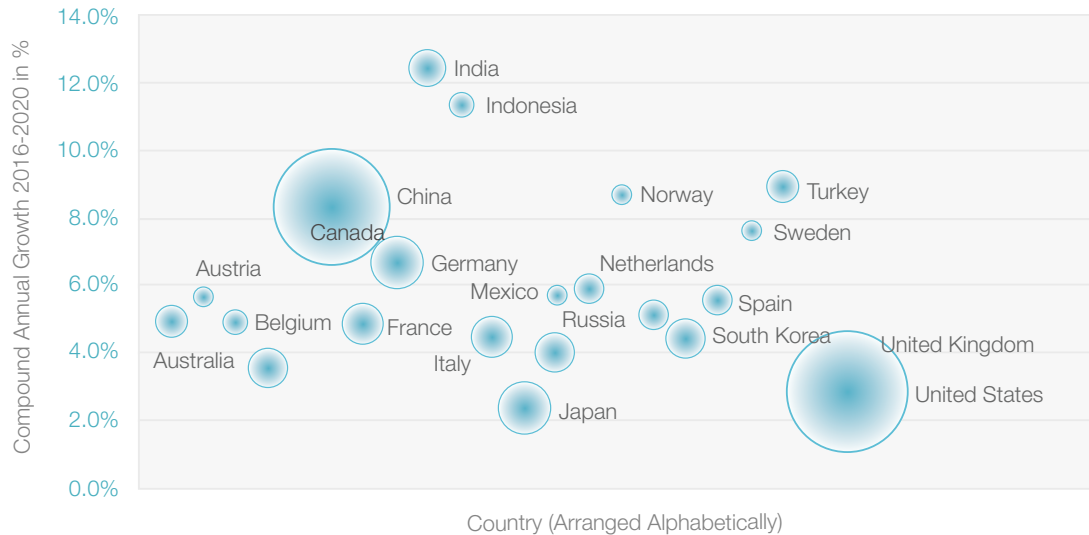## Evolving to the Next Level in Business Travel

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Business Travel: A Connected Journey

Spending on global business travel topped a record-breaking $1.2 trillion (USD) in 2015, and this number is forecasted to **increase 5.8%** on average over the next five years to reach $1.6 trillion by 2020, according to the Global Business Travel Association. As the world becomes more connected, business travel continues to evolve.

Major Market Business Travel Expectations

Expected Growth (2016 - 2020 CAGR) in Business Travel Spend (BTS) and Current Level of BTS (size of bubble)

Compound Annual Growth 2016-2020 in %

- India
- Indonesia
- China
- Norway
- Turkey
- Sweden
- Canada
- Germany
- Netherlands
- Austria
- Mexico
- Spain
- Belgium
- France
- Russia
- South Korea
- Australia
- Italy
- United Kingdom
- United States
- Japan

Country (Arranged Alphabetically)

Source: Global Business Travel Association

Average Cost
per Business Trip 2015*

$2,502 International travel
$1,002 Domestic travel

*Including air, hotel, and car rental
Source: Travel Leaders Corporate*

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Travel and Expense Management Cloud Penetration

Direct spending on business travel by domestic and international travelers **totaled $307.2 billion in 2016.**

(U.S. Travel Association)

However, IDC believes businesses will achieve benefits worth a **discounted average of $2.78 million by 2020** from cloud-based travel and expense management **software and related ecosystems.**

The shift toward cloud is already occurring in the market:

WW Travel and Expense Management Software Revenue Share by Deployment 2015

Total = **$1.6B**

On-premises /other

22.8%

Public cloud services

77.2%
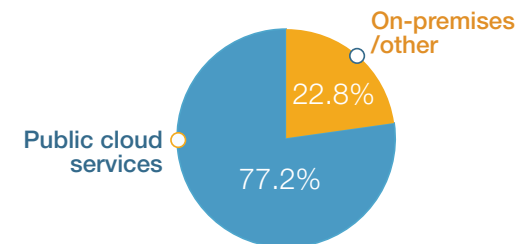
Source: IDC, Worldwide Travel and Expense Management Software Market Shares, 2015: Year of the Mobile User Experience

Travel Challenges Come in all Shapes and Sizes

According to a Booking.com survey of over 4,500 business travelers, 93 percent feel stressed at some point during international trips. Specifically, 38 percent reported the logistics of travel – from pre-travel planning to arranging transportation and managing expense receipts – as their biggest stress on a trip.

Booking	Itinerary Management	Changes/ Delays	Duty of Care	Spend Management	Compliance
Ensuring flight, hotel, and car are booked in the right location, with the right discount and right room type. Travelers want points, travel manager wants preferred vendors.	Consolidating reservations created by multiple vendors (i.e., online booking tool, direct booking, TMCs) plus managing additional activities such as dinners and meetings.	Keeping up with flight cancellations, delays, changes in plans.	Managing care for traveler in the event of natural disasters, political unrest, or other unforeseen safety issues. Ensuring traveler is adequately prepared for cultural challenges when abroad.	Tracking spend along the entire trip - including mileage, meals, taxis, data and roaming charges.	Ensuring compliance across immigration (visas and passports), tax (VAT reclaim and Cross Border Payroll tax), FCPA (Foreign Corrupt Practices Act), and travel and expense policy compliance.

In many cases, all of these challenges are managed manually and/or with systems that are not connected.

A Connected Ecosystem of Cloud-Based Systems Tames Challenges

Cloud solutions can more quickly and accurately manage key company expenses like business travel and employee spend.

According to IDC, businesses that use a cloud-based travel and expense platform with an ecosystem of third-party developed applications, as represented by Concur, can achieve the following:

Source: IDC, Driving Business Value Through Travel and Expense Management Maturity

49%

Less time spent on travel planning

70%

Less time spent creating expense reports

35%

More compliance with internal travel/expense policies

54%

Fewer lost receipts

Anatomy of a Trip: Traveler and Business Perspectives

A single trip affects the traveler and a host of back-end business processes across accounting, payroll, and finance, and also introduces challenges around compliance and risk. Let's examine the unique challenges presented before, during, and after a typical business trip.

Pre-Travel

During Travel

Post Travel

Anatomy of a Trip: Pre-Travel

Pre-trip planning can involve a significant level of back and forth communication with a travel management company, or a considerable research effort by the traveler if they are booking on their own. Either way, the business needs visibility into the traveler's plans for Duty of Care and for spend management. Challenges for both the traveler and the business to consider as part of the pre-trip process include:

- **Booking policies:**
  Each company has different policies around using a corporate booking tool, working with a travel management company, or booking directly with the vendor.

- **Corporate rates:**
  It can be challenging to ensure the traveler is getting the correct corporate rate and best deal for the company vs. choosing their own preferred vendor based on frequent flier miles, hotel programs, etc.

- **Conference rates/group venues:**
  A group block makes dealing with this especially challenging.

3.9%

The rise in the average U.S. per diem for hotel, rental car, and dining costs in 2015

Source: Business Travel News, Corporate Travel Index

$123.97
Average daily rate
of U.S. hotels for the year 2016

Source: Statista

Anatomy of a Trip: During Travel

Communication during a trip is vital to ensure the traveler can stay productive and safe while on the road. During-trip challenges for the business and the traveler include:

● **Delays, cancellations, changes in plans:**

The traveler needs to know the easiest and most compliant way to handle sudden itinerary changes.

● **Productivity costs:**

What is the business doing to find the balance between saving money and saving hassle and productivity loss for the traveler?

● **Tracking spend:**

A traveler needs to track everything from taxi or ride-sharing receipts, mileage driven, and hotel and dining receipts. If traveling internationally, the traveler needs to know how to collect VAT-compliant receipts.

● **Unforeseen safety concerns:**

The company needs to know how to best communicate with the traveler to get them home safely in the event of a natural disaster, political turmoil, or another unplanned event.
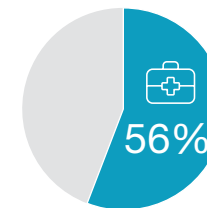
56% Percentage of travel buyers who reported hearing more concerns about personal safety from business travelers in 2017

Source: Association of Corporate Travel Executives and American Express Global Business Travel

Anatomy of a Trip: Post Travel

When the trip is complete, the traveler turns in their expense report and the business gets to work ensuring expenses are validated, paid, and integrated into its accounting system. Challenges include:

- **Expense audit:**

  Reviewing expenses for policy compliance. Even expenses that appear within policy can be mis-categorized, or duplicate.

- **FCPA:**

  Ensuring any gifts, entertainment, or meals are compliant with U.S. Foreign Corrupt Practices Act.

- **VAT reclaim:**

  Filing and reclaiming any VAT incurred outside of the traveler's home country.

- **Cross-border payroll tax:**

  Ensuring the traveler has not traveled to another state or country often enough to trigger payroll tax withholding in that state or country.

- **Expense data integration:**

  Integrating expenses with accounting systems.

- **Reimbursement of expenses:**

  Reimbursing the employee and/or paying the employee's credit card.

Mobile workers who may typically generate **20+ reports per year** will quickly **lose track of receipts**, according to IDC.

What Travelers Need - What Businesses Want

The optimal solution gives a business the visibility and controls it needs while allowing the traveler freedom and flexibility. Key aspects of such a solution include:

- Data triggering knowledgeable actions in one place that provides both the traveler and the travel manager/business with the information they need to manage the spend, duty of care, compliance, and traveler experience.

- Travel data in one place, regardless of when and where booked.

- Mobile devices that inform, suggest, and track the total experience.

- Mobile apps integrated across a single platform that can help track itineraries, find lounges, call for rides, and manage receipts.

- Intelligent triggers that notify travelers of requirements at key points in their journey:
  - Passport and visa requirements immediately after booking for international trips
  - VAT reclaim reminders prior to leaving for international trips
  - Mobile roaming reminders where appropriate
  - Flight delays, gate changes, cancellations throughout trip
  - Risk alerts for weather or political upheaval throughout trip

By **2021**, business use smartphone shipments will reach **422.5 million** devices worldwide.

Source: IDC, Worldwide Business Use Smartphone Forecast, 2017-2021

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Connected Travel Improves Traveler and Business Experiences

Mobility, visibility, compliance to policies, cost reduction, and duty of care of employees are the reasons the connected travel experience is so important, according to IDC. **Benefits include:**
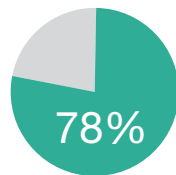
Traveler

Flexibility and support to book and travel where, when, and how they would like but with prompts and controls that make it easy to stay in policy and make the right decisions at the right time.

78% of U.S. business travelers prefer using self-service technology to manage their travel.
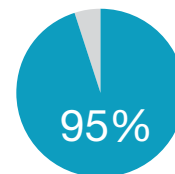
Source: GBTA Foundation

Business

Visibility and control as data from system and ecosystem applications provide insight into the traveler's journey from cell phone roaming plans to VAT reclaim to cross-border payroll to vehicle travel.

95% American adults who now own a cellphone of some kind; 77% own smartphones.

Source: Pew Research Center

Checklist for Connecting Your Organization

A truly connected travel ecosystem must have the following characteristics outlined:

☑ Able to handle visa/passport requirements

☑ Policy for handling Duty of Care in the event of a disaster

☑ Compliant with payroll taxes

☑ Compliant with FCPA requirements

☑ Ability to book anywhere

☑ Track travel budget savings

☑ Able to set alerts for transportation schedule changes or delays

☑ Mileage tracking

☑ T&E and accounting system are fully integrated

☑ Handling of international VAT recovery

Benefits of a Connected Travel Ecosystem

Cloud-based travel and expense management software with a connected ecosystem and predictive capabilities can minimize risks associated with travel expense. For example, annual benefits of Concur's solution include:

$97,300

Invoicing/auditing operations efficiencies

$122,000

Reduction in travel-related costs

$728,000

Improved staff productivity

Source: IDC, Driving Business Value Through Travel and Expense Management Maturity

Connected Travel is **HERE**

The travel journey has increased in experience because businesses are **demanding intelligent applications** to connect all aspects of their business processes.

By 2018, **35% of line-of-business leaders** will demand intelligent enterprise applications to improve business processes and resource utilization, according to IDC.

But Connected Travel is Also a Journey

Success with connected travel means **working with an innovative partner** that enables your organization to focus on what matters most – revenue-generating business initiatives – and not booking travel and filing expense reports.

IDC recommends choosing a partner that can provide your business with features such as:

- An end-to-end ecosystem

- A robust set of platform partners connecting the travel touch points

- Integration with your cloud-based accounting and existing ERP solutions

- Policy police with suggested alternatives to maintain compliance

- Predictive capabilities for proactively managing travel expenses on a cost-effective basis

How Does Your Organization Get Connected?

- Emphasize the entire traveler and business processes of the journey (pre-travel, during travel, and post travel).

- Understand your business pain points in terms of travel and expense spend, processes, and gaps.

- Streamline the process with automation but smartly in the cloud.

- Predictive processes drive smarter employee and company/policy-based decision making.

- Recognize the cloud provides the most data in one spot that can be quickly married to other information to improve the travel experience.

Methodology

For this report, IDC drew from its library of research on travel and expense management, as well as research from travel industry associations and other sources.