

State of the Industry & Buyer Panel

April 2021

Connecting the people that connect the world.™

© 2019 GBTA. All rights reserved.



GLOBAL BUSINESS TRAVEL ASSOCIATION

| NEW YORK CITY CHAPTER

Agenda

- Welcome
- State of the Industry with Will Tate
- Buyer Panel with Tracie Saunders and Dennis Swain
- NYCBTA Update



State of the Industry Update



Will Tate

Connecting the people that connect the world.™



GOLDSRING
— CONSULTING —

Travel Life Post Covid: Wisdom for our New Reality

Will Tate, Partner

will@goldspringconsulting.com

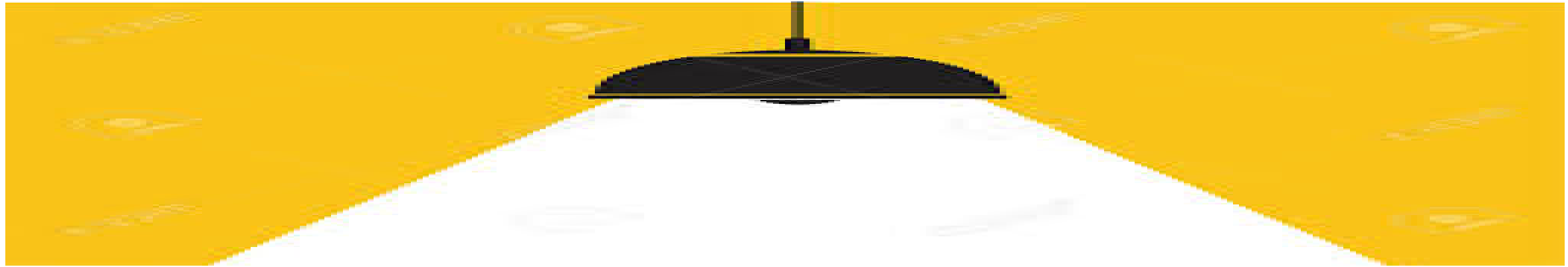
Today's Quick Takes

- 1** TMC Market Changes
The Why, When & How
- 2** Traveler Safety & Wellbeing
Today's Travel Risk Policy
- 3** Airline Contracts & Negotiations
What Matters Today
- 4** Dynamic Hotel Management
Your Win-Win

Your Strategy &
Next Steps



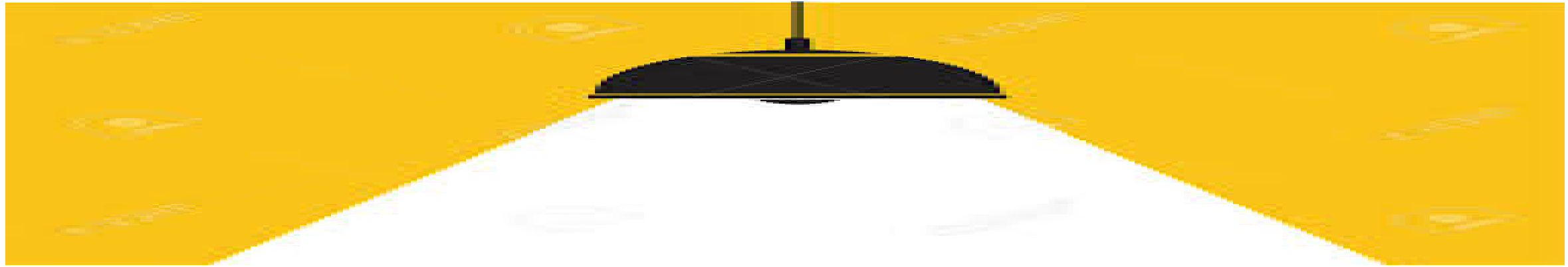
Buyer/Supplier Spotlight



- Program Reset
- Key Component of Growth
- Trusted Adviser
- Open to Innovation

Our most important idea?

Buyer/Supplier Spotlight



Partnership!

TMC Market Changes

The Why, When & How

When, Why, How

- Now is the time
 - Get out in front, set the edges, active not passive
- Ignoring the decision is **making a decision**
 - TMC's *have/will continue to* amend operations
 - TMC's *have/will continue to* reset fees and contract terms
 - TMC's *have/will continue to* consolidate
- Be ready
 - Know what to look for, evaluate, negotiate



What's Changing?

- TMC Financials
- TMC Contracts
- TMC Operations
- TMC Risk Participation
- Internal Company Impact



TMC Costs: Negotiate with Knowledge



Be Ready for NEW FEES

- Voids
- Refunds
- Contact
- Advisory



Understand NEW PAYMENT MODELS

- Subscription
- Upfront
- Unbundled



Follow the MONEY

- Revenue reduction continues
- Hotel program emphasis
- GDS/NDC/TMC revenue changes

Contract Impact: TMCs Getting Tougher

- Volume commitments
- Pricing triggers
- TMC tech preferences



Operations Impact: What You Can Do



- Call center changes
- Account management changes
- Support management changes

Risk and TMC Role

- Traveler education
- What to expect from preferred suppliers
- Preparedness procedures – Covid added to disaster response



Be Ready: Company Level Impact

- Higher costs
- Workflow changes
- Budget configuration
- Perception issues



Traveler Safety & Wellbeing

Today's Travel Risk Policy

3 Key Questions

17



Does your company have a travel risk management (TRM) program and how does it benchmark to others?

Does your program provide the right TRM components that prepare and support your travelers' safety on the road?

Are you preparing for the new risks that your travelers will face when travel resumes?

Are you preparing for the new risks that your travelers will face when travel resumes?

COVID is our new 9/11

Big changes for Travel Risk Management (TRM)

Real vs. perceived traveler risks

Varying supplier safety regulations



Your Role / Your Voice

19



Program Risk Assessment and Audit

20



Review

Strategic Review

Perform a strategic review of every aspect of your organization's TRM program and your existing company resources that may not have been considered or properly utilized



Personnel

Key Employees

Conduct stakeholder interviews of your organization's key departments and personnel. Formation of travel risk steering committee



Risk

Risk Evaluation

Identify and evaluate risks that impact your travelers and organization. Real vs. perceived traveler risks



Review

Third Party Management

Review your travel suppliers and their relationship with your TRM program



Foresight

Preventative Measures

Identify preventive, protective, and mitigating measures that address your travelers and organization identified risks



Report

Final Report

Final report outlining your organization's TRM program's strengths, gaps, as well as recommendations to help better support your employees and organization

Airline Contracts & Negotiations

What Matters Today

Airlines respond to Covid-19

- Increased freight activities
- Reduced capacity
- Consolidated networks
- Extended status levels
- Communication on Covid-19 measures
- Focusing on entire airport experience
- Leisure travel returning
- Expiration CARES ACT



Industry Health



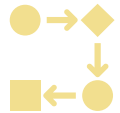
- Industry is relatively well positioned to address the crisis after 5 years of record profits
- 50% of profits generated by North American Airlines
- Most distressed regions are in Asia and Latin America

Industry deals



- Increased financial stress will stimulate more activity in airline relationships followed by deals
- Partnerships
 - American -> Alaska / Jet Blue
- Consolidation via M&A
 - IAG -> Air Europa
- Consolidation via Airline failures
- Government-backed airlines to rescue or increase foreign ownership

Unused Ticket Management



Process



Resource



Policy



Traveler
Communication



TMC
Relationship



GDS Activity

Change Fee Waiver: Gone



Change Fee Waiver



Waterfall



Budget Impacts

Change Fee Waiver: Back!



- Change fees represent ~ 1.5% of revenue for airlines
 - They were waiving the fees anyway
 - They are reluctant to provide cash refunds
 - This will generate cash flow as more people book early

What about supplier relationships?



Airline commercial teams are staffed and responding to inquiries



Currently airlines are working from 2019 data



GoldSpring has seen improvements in deals that we have ongoing



Delay will mean going to market with new and lower activity level



Market share and business travel is important to airlines and they are competing hard



When is the next time you will go to market with 12 months of data at a higher volume than 2019?



There are opportunities in most programs that can be addressed ahead of the comeback



You will need very active program management

Check List

- ✓ Don't delay
- ✓ Use 2019 data
- ✓ Assess back to travel plan
- ✓ Assess and observe impacts of change fee waiver
- ✓ Monitor financial health of your key partners



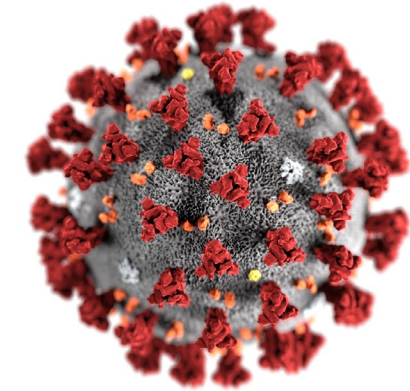
Dynamic Hotel Management

Your Win-Win

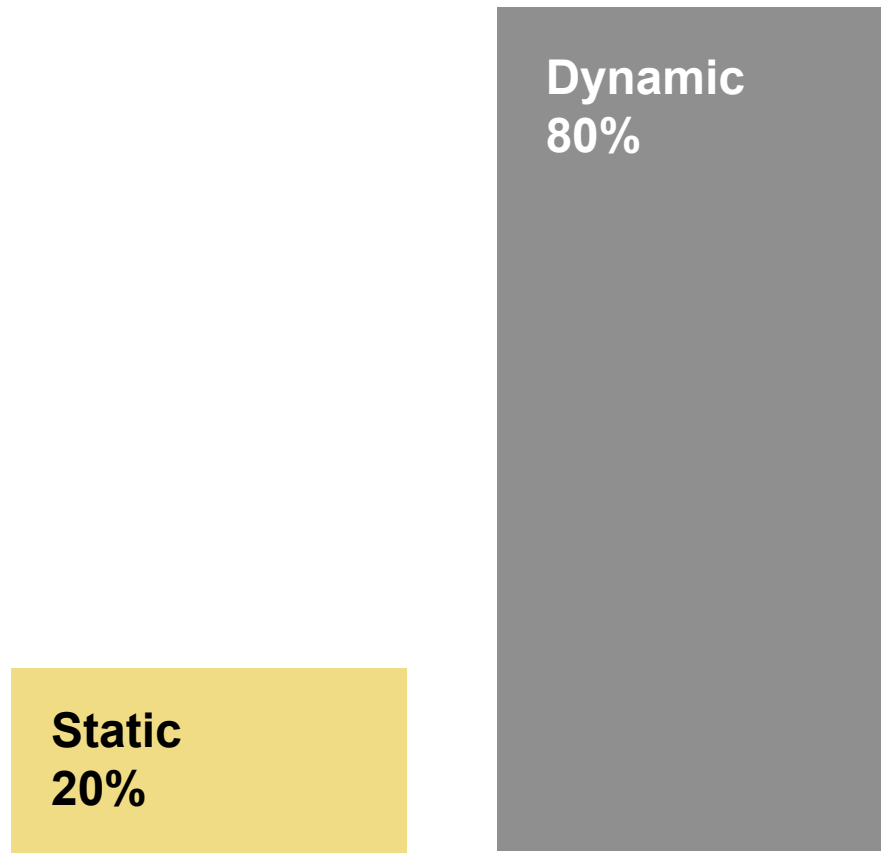
2021 - the new hotel landscape

Challenges plus catalytic event

- Static negotiated rates in 2021 are no longer valid.
 - Discount was **25%+** but is now **3%** or less
 - Hotel rates are estimated to be **25** to **35%** lower in 2021
- Rate volatility will be high for the foreseeable future as hotels open and close. Demand will stay lower than supply.
- Expect the new landscape through 2022.
- Some have said... roll over this year's program to next year.



Resetting your hotel program



- The industry has transformed: **Dynamic will deliver** the greatest savings with ongoing sourcing to supplement
- You will still need traditional **hotel sourcing expertise** and benchmarking
- You need to **set a strategy** and have the new foundational elements ready to implement

The New Process

ONE

Dynamic Rate Optimization

A customized and strategic shift to fully optimized dynamic rate delivery with our hands-on dashboard management.

TWO

Right Sourcing Combination

High-touch, high-impact consultative negotiations with your best properties and static rates as needed.

THREE

Peace-of-Mind Program Strategy

A strategy that makes sense for you – our expertise guiding you with ongoing program management, safety considerations, and instilling traveler confidence.

Savings in the new landscape

Spend	\$ 100,000,000		Traditional Approach		
Deal	Avg Discount	Coverage	LRA	Save %	Savings
Chainwide	18%	20%	50%	1.80%	\$ 1,800,000
Agency/Consortia	2%	10%	100%	0.20%	\$ 200,000
Avg Flat / Dynamic	28%	65%	70%	12.74%	\$ 12,740,000
No Discount		5%			\$ -
Daily Rate Audit				3%	\$ 3,000,000
		100%		17.74%	\$ 17,740,000

Spend	\$ 100,000,000		New Approach		
Deal	Avg Discount	Coverage	LRA	Save %	Savings
Chainwide	18%	15%	50%	1.35%	\$ 1,350,000
Agency/Consortia	2%	5%	100%	0.10%	\$ 100,000
All Dynamic	25%	75%	90%	16.88%	\$ 16,875,000
No Discount	0%	5%			
Daily Rate Audit				6.00%	\$ 6,000,000
		100%		24.33%	\$ 24,325,000



- Expect an overall increase in savings from 18% to 24% on total hotel spend.

The Silver Lining

- Dynamic approach with hotels added as needed – new markets, replace poor performing properties
- Enhance your partnerships; more savings than traditional programs of the past
- Requires innovative and proprietary technology/benchmarking database
- Look for certified and creative experts focused on your program – buyer advocacy rather than supplier support

Why now?

- ✓ Establish your hotel program foundation
- ✓ Don't delay and leave savings on the table
- ✓ Shift to dynamic asap (don't rely on 2019 data)
- ✓ Update hotel program information to reflect safety standards
- ✓ Resource management



Your Strategy & Next Steps

Two No Cost Resources

1. **GoldSpring Master Class**

<https://www.goldspringconsulting.com/master-class>

1. **GoldSpring Traveler Sentiment Survey**

<https://www.goldspringconsulting.com/traveler-sentiment-survey>

Manage the travel market reset with more certainty and success.



GOLDSRING
— CONSULTING —

Thank you!

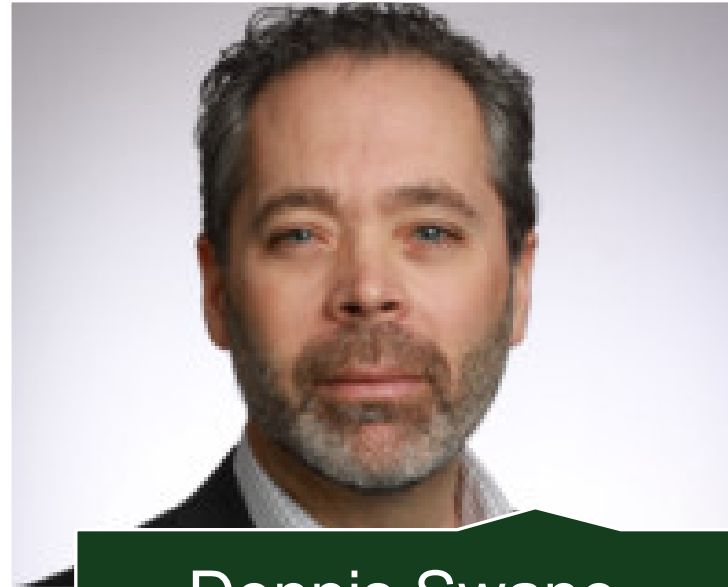
Contact Us

will@goldspringconsulting.com

Buyer's Panel



Tracie Saunders
The Segal Group



Dennis Swane
KPMG



NYC Chapter Update

Updates

- GBTA Bylaw Vote
- Ready Safe Travel Certification
- GBTA Honorary Membership
- NYC Meeting Updates



READY. SAFE. TRAVEL. TRAINING

May 2021



READY.
SAFE.
TRAVEL.
by GBTA

Become a *Ready. Safe. Travel. Specialist* with this
4-Week Training Program gbta.org

READY. SAFE. TRAVEL. TRAINING



**READY.
SAFE.
TRAVEL.**
by GBTA

#ReadySafeTravel

I'm making a difference.

READY. SAFE. TRAVEL.
by GBTA

A thriving business travel and meetings industry is critical for a booming economy.

With Ready. Safe. Travel. Join us as we lead the efforts for a safe return to business travel through advocacy, education, and awareness.

Ready.

Pushing government leaders to put in place necessary safety measures and the resources to save jobs and get back on the road to travel.

READY. SAFE. TRAVEL.
by GBTA

Safe.

Providing member education and training to ensure a safe return to travel.

Travel.

Telling the story of the value of business travel to the world economy and building traveller confidence.

Training that is Going Global & Regional

The *Ready. Safe. Travel. Training Program* by GBTA, is intended to be an industry-wide program, run virtually for a 4-week duration.

The purpose is to unite, educate and engage all levels of the business travel industry, buyers and suppliers alike, with a curated content that delivers essential information to help transition business travel & meetings and its practices beyond the pandemic.

The learning objectives will be designed around prior experiences, principles, emerging tools, government regulations, and supplier advancements that are all important to the future of business travel.

GBTA Honorary Membership

- GBTA is committed to helping the business travel industry community stay connected during this challenging time.
- GBTA will provide business travel professionals that have been displaced due to the impact of coronavirus and global pandemic a GBTA Honorary Membership.
- The Honorary Membership will be valid until August 1, 2021 or until finding full time employment
- If you have any questions about your eligibility, please contact membercare@gbta.org
- Honorary Membership Application Link: <https://form.jotform.com/201064057431040>

NYCBTA Meetings in 2021



Upcoming Meetings

Week of May 24th

New Travel Tech

Week of June
16th

NYC Hospitality Update



Wrap-up