

# Impact of COVID-19 on Corporate Travel, Recovery & Way Forward

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**C**ovid19, in many ways, is a global phenomena, with far greater impact on the global economy and travel than 9/11. In the immediate short-term, the impact on business travel is severe.

Apart from lockdowns and suspended flights, a new aspect - that of employee willingness to travel will be an added dimension. Like with corporate duty of care, post COVID19, employers will need to insulate employees from health risks - either with vaccinations, ongoing protection, insurance and other mechanisms.

These aspects - corporate duty of care and aversion of employees to the risk associated with travel, are situations that most Indian travel programmes have never recognised. This will demand creativity and new models of operations.

In the medium term, business travel will get back to its customary importance. This will be

driven by economic reasons. It's expected that most countries will actively think about broad basing their manufacturing rather than keeping everything in China. This will be a massive opportunity for countries like India, Vietnam, Indonesia and Thailand. Further, every time there is a global recession, Indian business and consequently business travel has grown substantially - Post 9/11 and then again after the 2008 recession.

The economic arbitrage that India offers for IT/Tech outsourcing/BPO and other knowledge based processes should be in high demand.

Business travel managers, in corporate enterprise will be well served, to use the current downtime to critically evaluate their programmes. Despite India's growth to being the 7th largest global business travel market, most business travel programmes in India subscribe to legacy outdated processes.

Inertia and the desire to maintain status quo, are two major bottlenecks that are very visible in the corporate buyer community. This is supplemented by industry being unable to articulate the value of innovation - they are still caught in the price play and offering the lowest fees possible.

Sooner than later, Indian corporate CXO's

will be demanding greater innovation and accountability from their travel teams. Post Covid19, the pressure to show efficiency and reduce costs will be extreme. Those travel managers and administrators who are unable to deliver value, will have a short shelf life!

These are some of the most important opportunities that Indian business travel programmes have:



## 1. Strategic Sourcing

To be successful, buyers will need to deliver meaningful value to suppliers who offer the best price. This will mean limiting the number of partners, developing a share shift model so preferred partners get more business and driving year on year savings. This will also mean that the current buyer approach of sourcing the lowest cost vendor will need to be questioned.

It's been proven time and again that there is a minimum economic value, for a service to be delivered. If a vendor claims to magically operate below that threshold, the only way that can be done, is that the vendor operates unethically.

This approach to strategic sourcing will need to extend to every aspect of the business travel programme - Airline sourcing/Hotels/Business Travel events & MICE and every other component of the business travel lifecycle.

This will be of even greater value to Indian multinationals that have an expanding global footprint but operate without a global business travel programme.

## 2. Implement technology/Reduce internal travel resources

Much of business travel in emerging markets like India is heavy on human resources. It's common to see several internal staff managing, tracking, checking and paying vendors. These are superfluous and a total waste. Unfortunately this is equally true of iconic Indian global companies, who are part of the Fortune 500 list.

Technology will need to be adopted in every part of business travel - Self booking technology - Event management automation - RFP and Sourcing platforms - Expense management -

Payment systems - Reporting and analytics

Travel managers will be challenged to evaluate these solutions and present a business case to their corporate leadership. They will equally need to demand innovation and ideas from their business partners - travel management companies, event managers, airlines and hotels.

## 3. Business Travel Audits

Just as all companies conduct financial and tax audits, ProKonsul believes that business travel audits must become the standard.

As any corporate programme ages, and different components are added at different stages, inefficiencies build up. This gets overlooked as the complexity rises and day-to-day firefighting becomes the standard.

It will become the norm to engage external business travel consultants, who have depth of knowledge and the ability to optimise every element of the business travel lifecycle.

## 4. Secure immediate savings inherent in Business Travel

Global VAT Reclaim is the single biggest savings opportunity in Business Travel. This concept allows for recovery of the VAT/GST portion of expenses incurred overseas, in designated countries. The potential for savings exceed 25% of specific expenses incurred. Similarly there are inherent opportunities in Business Travel MICE and Domestic VAT Reclaim.

Post COVID-19, travel managers will need to actively learn and implement best practice. They will need to present innovation and cost efficiency to their corporate leadership, as a way of maintaining relevancy & counting as an important part of the corporate decision making team. ♦

*The views expressed in the column are of the author, and may or may not be endorsed by the publication.*

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