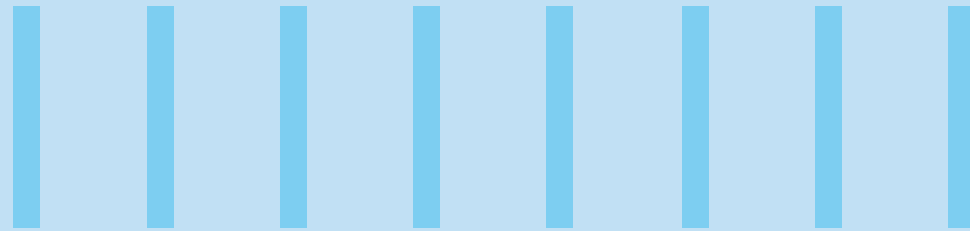





## CORPORATE TRAVEL POST-COVID

With well-defined, technology-undegirded business continuity plans



### Abstract

Organisations are rethinking corporate travel in the aftermath of the Covid-19 pandemic. This paper examines the implications for an organization's people, budgets and risks in relation to business travel.



The travel industry has been among the most affected industry sectors by COVID-19. The downturn in travel happened almost instantly across the globe. Its severity, speed, and impact have been unprecedented. Almost all travel — whether leisure

or corporate, domestic or international — were suspended either by governments or by travelers themselves who felt it was just not safe to travel given the nature of the pandemic's spread across the globe.

And now, even as industries limp back

towards the 'new normal,' it has implications for corporate travel programs, and it is beneficial to examine the impact on people, budgets, and risk to both businesses and individuals.

## The need for travel

All reports indicate an extremely slow post-COVID-19 recovery for corporate travel programs. Some industries which require staff to be on the ground rely on travel more than others. These include manufacturing, logistics, agriculture and resources such as fly-in, fly-out (FIFO) mining workers. For these businesses, a "work from home" (WFH) model is not a viable option as they need to keep their people mobility, or re-commence travel across regions and state borders to kick start their recovery.

However, this is not the case with white-collar workers who have more than adequately demonstrated the viability of remote working. In this, they have been greatly assisted with broadband internet connections and advanced, stable, and higher quality video and audio-conferencing platforms, which were nascent or used sparingly in earlier years. This success has now created speculation around whether travel for office based staff or non-essential travel is really necessary anymore, or at least whether it is needed as much as before.

Early indications show that travel for corporates will indeed increase over time. Yet, greater scrutiny will be cast over the need to travel for particular trips, say for internal meetings. This scrutiny will not be done with mere 'lip service' that may have been done in the past. Whether this manifests in a return to an official approval process is yet to be seen, but travelers will certainly need to show increased justification for non-essential travel.

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## The cost of travel

With the travel industry decimated during the past few months, casualties are expected across the entire industry and this may cause some suppliers to fold or file for bankruptcy. Airlines across the globe have laid off thousands of workers or in some cases gone into receivership. Suppliers will do what they can to entice travelers back and will focus their marketing and services on increased and hygiene standards. However, in this process, pricing and capacity will be a crucial balancing act.

Initially, many suppliers will offer specialized sale pricing to entice travelers back, but this will not be sustainable especially with the loss of revenue in recent months. The flip side is that high pricing to help recoup costs will deter travelers. This presents a true 'chicken and egg' scenario — whether to increase capacity and services and hope that travelers start releasing

their pent-up demand, or control capacity increases but hope that requirements mean they will travel anyway, meaning that suppliers can charge higher prices.

For the corporate traveler market — which historically suppliers have relied on as revenue boosters with their generally higher fares and rates — this will also require some careful balancing. Most corporates have faced a downturn in their own revenues and profits as well, hence they will begin travelling and paying 'premium' pricing only with some caution.

A pertinent question is how to contract during such times. This provides the perfect opportunity to re-negotiate and look for better discounting as suppliers would want firm volume commitments to help understand how quickly they can 'open up' again. However, some organizations are favoring a more restrained approach whereby current rates

and discounts will remain until 2021.

Suppliers may argue that their costs relating to additional safety processes such as increased cleaning, provision of PPE, monitoring and testing staff, and managing social distancing protocols will need to be recouped. They also face additional costs with a downturn in efficiencies caused by the process changes that they need to institute. Corporates in turn may argue that these are the costs of doing business, and that their own costs have also increased due to similar issues.

In recent years, procurement has been focused on adopting the supplier relationship building motto to drive additional value for both parties. It will be interesting to see how this comes into play now that many organizations are struggling, and their supplier relationships are being tested.

## The risk of travel

Additional precautions will be required to ensure corporate travelers remain safe and minimize risks. This will be required from two perspectives: the employer in ensuring duty of care, and the suppliers in both protecting their own staff and providing a safe environment for their customers.

This, alongside the dynamic changes in requirements, lack of standardization from governments and health authorities in various countries, along with contamination ebbs and flows will require a heightened risk management process for organizations.

Thinking through safety will require the organizations and the travelers to ask a number of questions beginning right from the start point of a journey – including the ground transportation to get to the airport. Has the driver cleaned the car and are they wearing a mask? What happens

in the airport, the shopping concessions and the food courts? How much additional time needs to be factored in for extended screenings, questionnaires, and temperature checks? How will the airlines enforce social distancing - middle seat or no middle seat? Will there be a need to wear a mask or a face shield? What about destination ground transport to get to the meeting? What precautions are in place in the building where the meeting is to be held? Finally, what additional cleaning processes has the hotel implemented?

Employers thinking through these issues are faced with multiple critical questions:

- How do you protect your travelers with risks outside of your control?
- What information and support do you need to provide staff to help manage themselves while travelling? This will

be especially important once cross-border travel takes place with varying requirements

- What additional protocols will you request your staff undertake?
- How are you working with the suppliers in the supply chain to provide additional safety management?
- What are you looking for from your suppliers in terms of safety and precautions? Do they know what is considered acceptable for your travelers?

Further, a greater focus and reliance on traveler tracking processes will be required to understand where they have travelled, not only to a particular city or country, but also to which places within that city, to identify if anyone is at risk from a localized outbreak.

## Traveling onward

Corporations will need to re-evaluate their business travel programs and look to understand and implement their 'new normal', while factoring in the market bounce back for their industry and firming up their travel supplier strategies.

As these factors change, it will be necessary to adapt very quickly. This will require agile processes, adept information assimilation and interpretation, as well as nimble travel managers who can understand the impact and accordingly update and influence senior managers. Travelers will also be required to follow policies and procedures more closely to ensure their own safety, the organization's safety, and will need to incorporate additional time and flexibility into their travel schedules.

The 'new normal' will continue to morph through many iterations. Corporations will need to "unpack" their strategies and "repack" them safely for what looks like a turbulent journey ahead.



## Authors:



**Brendan Comas** – *Director, Sourcing & Procurement, Infosys Portland, Infosys BPM*

Brendan has over 20 years of sourcing and procurement experience across a range of categories and industry sectors. He has led multiple procurement transformation projects, strategic sourcing and operating model reviews.

Brendan has also developed procurement policies, processes and procedures, and led procurement system implementation across multiple platforms.



**Dorina Santos** – *Manager and Subject Matter Expert – Travel, Infosys Portland, Infosys BPM*

Dorina has over 17 years of experience in strategic procurement and category management frameworks and implementation. She has been a Training, communications and change management program leader.

Dorina is also an Industry SME in Corporate Travel programs (APAC) across end to end travel systems and digital platforms.

For more information, contact [infosysbpm@infosys.com](mailto:infosysbpm@infosys.com)

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