



Keys to Optimize Travel Procurement

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Navigating this InfoBrief

Click on titles or page numbers below to navigate to each.

Executive Summary	3
Drivers Pushing Travel Procurement Forward	4
Challenges Facing Travel Procurement	5
Five Keys to Optimize Travel Procurement	6
Invest in Supplier/Vendor Data Management	7
Increase Use of Automation	8
Integrate Sustainability and Responsible Sourcing Metrics	9
Improve Cost Control	10
Change Travel Behavior	11
Future of Travel Procurement	12
Essential Guidance	13
About the Analyst	14
Message from the Sponsor	15

Executive Summary



Travel procurement professionals are facing a rapidly evolving travel services and supplier market in 2022. Post-pandemic market shifts and pricing fluctuations are now the norm, with changing requirements and restrictions an additional headache.

Travel buying is becoming one of the most challenging areas for procurement professionals to manage effectively and includes many considerations, such as:



How to manage supplier contracts when historical data is no longer relevant and future traveler behavior is hard to measure



How to support corporate sustainability goals



How hybrid workforce trends will impact travel patterns and spend



The future of travel procurement is more:

- Strategic
- Flexible
- Responsible
- Intelligent
- Traveler-centric

Drivers Pushing Travel Procurement Forward



The travel landscape is evolving:

Travel inventory is changing, and contracts built around certain travel usage or activity thresholds must be rethought and reworked.

Contract management is the top challenge for 26% of travel procurement professionals.



Spend management is a top priority:

Travel procurement spend management is the top challenge for more than one in five procurement professionals.



Sustainability is a fast-rising factor:

Adding more functionality to support ethical and sustainable travel vendor sourcing is seen as “valuable” for more than 90% of procurement professionals.

Source: IDC SaaSPath Survey, March 2021

Challenges Facing Travel Procurement

Travel procurement is facing unprecedented challenges from remote/hybrid workers, changes to travel patterns and behaviors (including different groups traveling), uncertainty over spend due to travel restrictions, and balancing sustainability goals with procurement goals related to spend management.



Rise of remote/hybrid workers:

IDC predicts that by 2023, digital transformation and business volatility will drive 70% of G2000 organizations to deploy remote or hybrid-first work models.¹



Changing travel patterns/behaviors:

Everything from digital nomads to “bleisure” to a rise in group travel will change the ways software is used.



Growing uncertainty due to travel restrictions:

Travelers are exposed to uncertainty from many factors, including pandemics, extreme weather events, terrorism, economic risks, and cybersecurity breaches.



Balancing sustainability goals with procurement goals:

Hospitality and travel operators cite energy efficiency requirements (65%) and mandatory reduction of carbon footprint (47%) as two areas having profound or significant impact on their organizations.²

¹ IDC FutureScape: Worldwide Future of Work 2022 Predictions, October 2021

² IDC COVID-19 Impact on IT Spending Survey, November 2020

Five Keys to Optimizing Travel Procurement

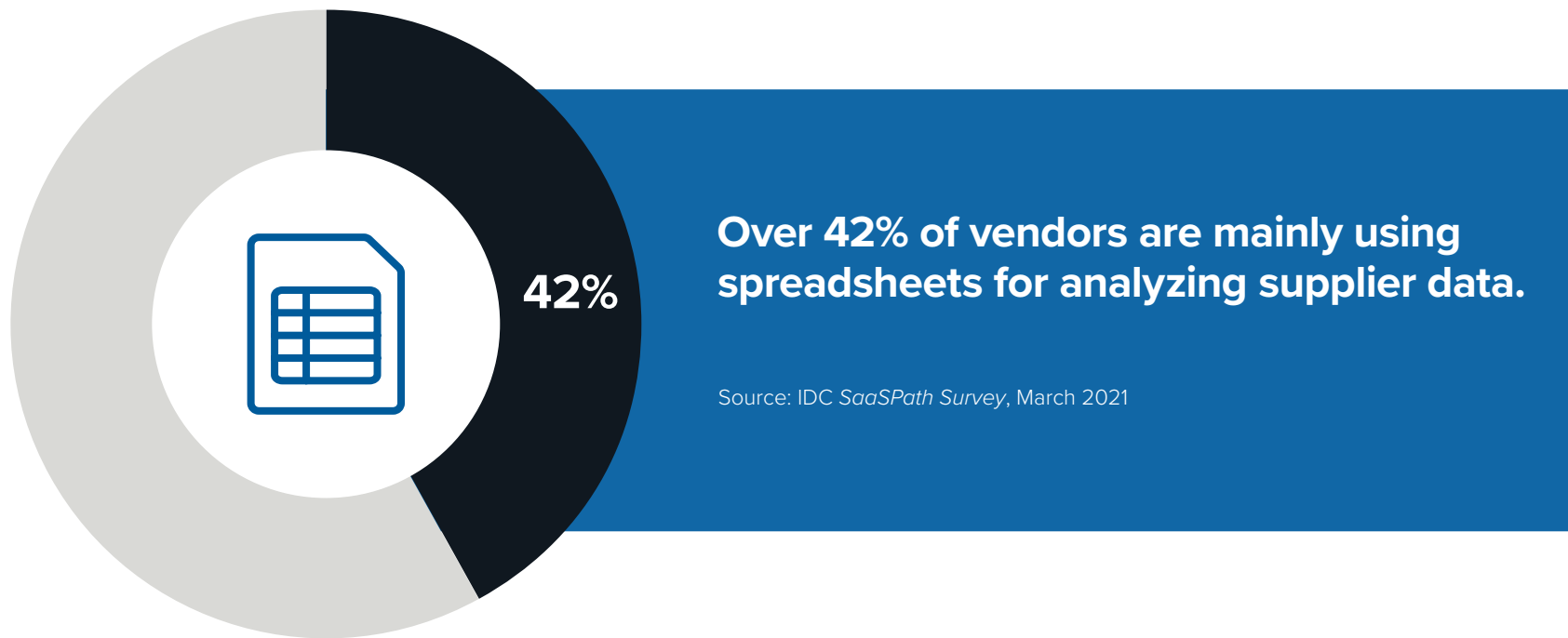
As higher costs and escalating complexity continue to be calling cards of today's travel landscape, travel buyers must work to optimize the process of travel procurement and the outcomes of business travel, by:

- 1 Investing in supplier/vendor data management
- 2 Increasing use of automation
- 3 Integrating sustainability and responsible sourcing metrics
- 4 Improving cost control
- 5 Changing travel behavior



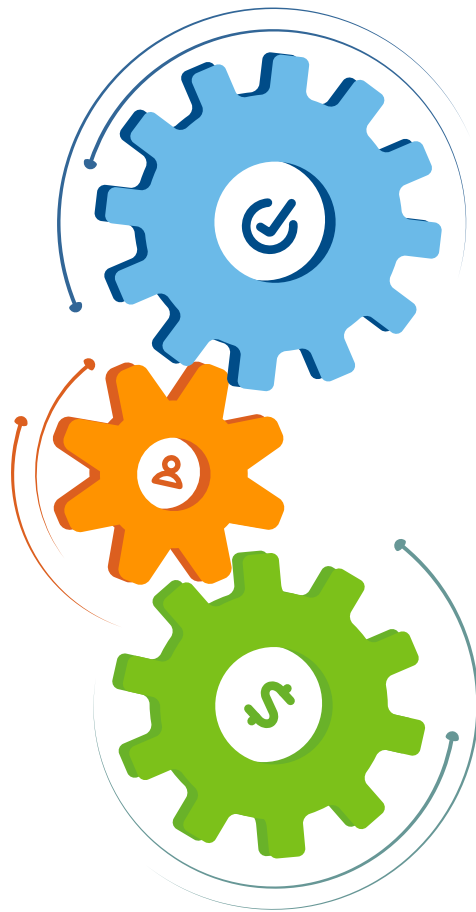
Invest in Supplier/Vendor Data Management

Analyzing traveler patterns and integrating external data sources from travel providers cannot be done at speed and at scale without intelligence analytics.



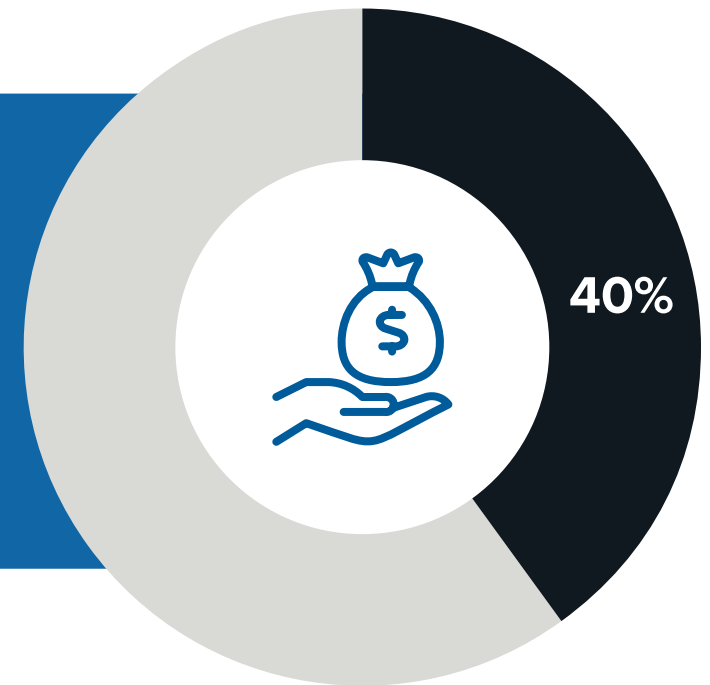
Increase Use of Automation

Contract approvals, vendor management, and invoice management are places where travel buyers can apply automation to streamline their workflows.



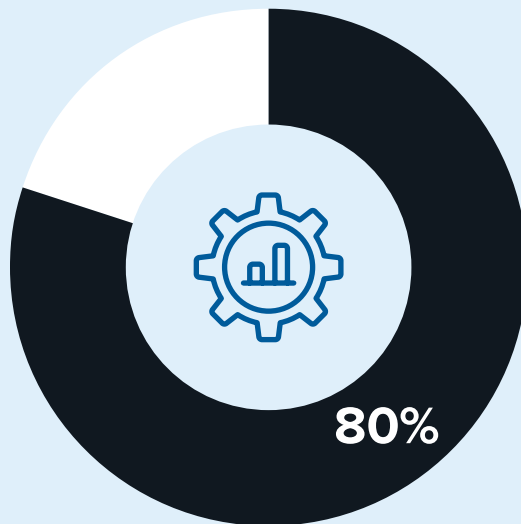
40% of travel procurement professionals are willing to pay a premium for intelligent travel procurement features.

Source: IDC SaaSPath Survey, March 2021



Integrate Sustainability and Responsible Sourcing Metrics

Sustainability mandates will be felt throughout all aspects of the financial operation. Travel managers have the burden of both handling the regulatory compliance around sustainability as it continues to evolve and carrying the load of providing sustainable options for travelers.



More than 80% feel that incorporating responsible source principles will have a significant impact on procurement, including travel content and travel service providers.

Source: IDC *SaaSPath* Survey, March 2021



Improve Cost Control

Cost is a major factor for travel sourcing managers. The challenge for travel procurement is to balance cost control without negatively impacting the traveler experience or traveler safety. This will be a greater concern going forward as fuel costs and inflation are set to push procurement rates for hotels, airlines, and transportation higher.



The U.S. Travel Price Index increased by 19% in May 2022 compared to May 2019.

Source: www.ustravel.org/travelpriceindex

Change Travel Behavior

The way travel is done has changed. Travel to maintain and establish internal work relationships and culture is on the rise.



Travel for the purpose of internal team meetings and department meetings is up 10% year over year in 2022.

Source: www.ustravel.org/businesstravel



The Future of Travel Procurement

**More strategic:**

Spend management overall is gaining a higher profile. Travel buying is experiencing the same growth in strategic awareness.

**More flexible:**

Travel buyers will make investments to allow for quick decisions about supplier bids and to assess risk.

**More responsible:**

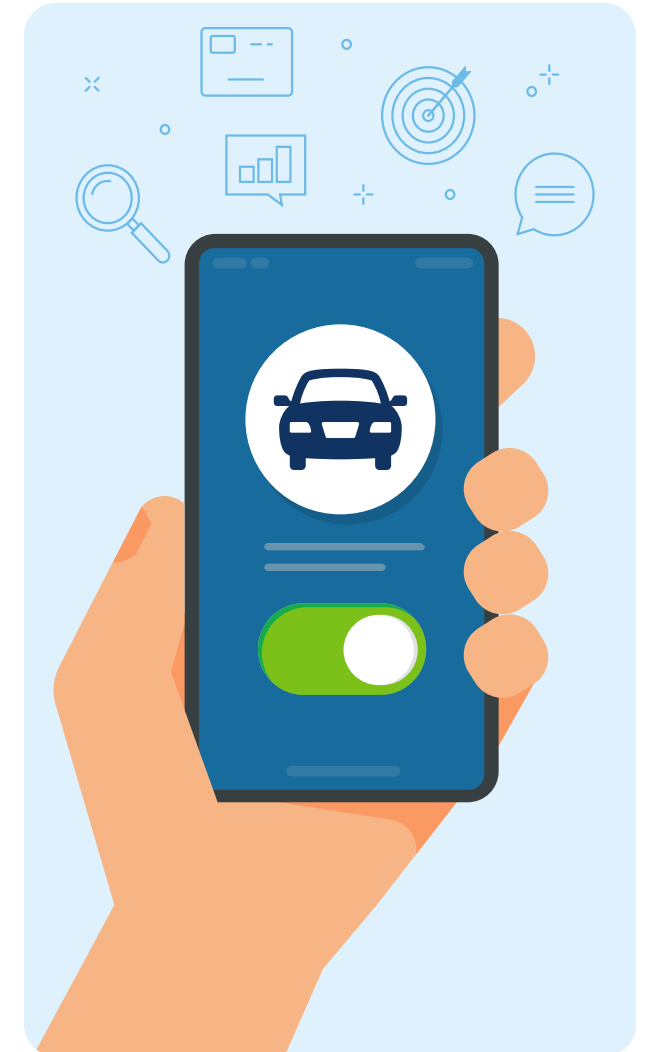
Travel buyers will prioritize the monitoring of sustainability metrics at all levels of the sourcing and buying process.

**More intelligent:**

Travel buyers will leverage artificial intelligence (AI) and machine learning (ML) to gain greater visibility of travel spend and enhanced procurement compliance protocols.

**More traveler-centric:**

Travel buyers will shift away from exclusively using cost-centric or process-centric metrics to incorporate traveler satisfaction, employee turnover, and travel policy trends.



Essential Guidance

Travel is evolving into its new normal, and travel buyers must adapt.

The rapidly changing travel landscape, a greater focus on spend management, and the increasing importance of sustainability will drive demand for more sophisticated travel buying processes and tools.

The future of travel buying will be more **flexible, responsible, intelligent, and traveler-centric.**



About the Analyst



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As a research director with IDC's Enterprise Applications team, Kevin Permenter provides insights and intelligence across multiple areas including enterprise resource planning (ERP), order management, financial applications, and project and portfolio management. He assesses the interplay, challenges, and trends regarding various enterprise application deployment models like mobile enterprise applications and cloud models. He also develops and delivers his views, opinions, and analysis on the dynamics and evolution of this complex technology ecosystem.

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