



## The ‘Sharing Economy’ and Corporate Travel Programs

### Are they mutually exclusive or is there a happy medium?

**Without a doubt, technology and the ways in which people are connected by the Internet has changed the way we buy and sell any number of commodities. Accessibility of goods is easier now and finding new and different things due to the competitive selling behavior of suppliers has driven unique changes in the distribution of goods.**

**The following paper provides a background on the sharing economy, its roots and major players in the corporate travel arena today. An overview of the positives and negatives of these services against traditional business travel services will be explored, with recommendations provided for organizations that may be considering using these services to supplement their business travel programs.**

### What is the sharing economy?

The sharing economy (also commonly known as peer to peer or p2p) refers to individuals renting things they need from others using technology-based networks that facilitate transactions. These new forms of rental are springing up in all kinds of areas, from bedrooms, cars, garages and storage spaces to accommodation for pets and more.

This is no longer considered a fad but recognized as a robust trend that is transforming society and business models, similar to what Facebook and Twitter once did for social networking. It is also driven by the desire to be more sustainable in the longer term.

### History of sharing services

In the past, rudimentary solutions such as the classifieds section of a newspaper or even “Swap’n’Go” gas bottles from gas stations have seen very limited “sharing” principles applied to buying, selling and trading – however more recently, it is technology that has really enabled the shift in popularity to services such as Airbnb and Uber.

Many users of these rising technology platforms are happy to use sharing

services when looking for solutions in their personal lives – such as a long-stay vacation overseas or grabbing a ride-share home. However, when traveling on business, a number of concerns arise that need to be considered by any travel manager who may be looking at broadening their travel policy to allow for use of these types of services. These are namely duty of care, data, reliability and quality, booking flow and supplier concerns; such as whether the service will be comparable to those provided by a hotel or whether diversifying options will affect your organization’s ability to negotiate deals.

### Key players in corporate travel

Uber and Airbnb have without a doubt caused some disruption in the business travel industry, which has traditionally relied primarily on Global Distribution Systems (GDS) for content. This content over the years has increasingly been complemented by non-GDS content from various suppliers and online travel agents (such as Expedia) offering options not available via traditional channels. To this, the added complexity of sharing economy suppliers now often also needs to be considered.

### The staggering growth of non-traditional sharing services and offerings over the last three to five years has caught many off guard including:



#### Regulators

Concerned with how to regulate and tax these activities



#### Corporations

Focused on employee and travelers safety whilst also weighing up potential benefit to cost and traveler experience while away for work



#### Consumers

Responsible for driving the change and forcing regulators and businesses to consider these channels as a viable option – largely due to ease of use

### Duty of Care

Increasingly, there are legislative requirements upon employers to ensure safety and security of employees whenever traveling abroad on business. This is a major detractor for travel managers considering ride-sharing and accommodation options to supplement their travel program as bookings via traditional channels are considered safer and more reliable.

Concern	TMC	Uber/Airbnb
Insurance/Liability	Suppliers required to meet various insurance/liability requirements	Limited or no regulation around insurance/liability
Regulatory compliance / Legislation	Suppliers must meet requirements relating to driver background checks, random breath testing, etc.	No requirement for Uber drivers to complete background checks, submit to random breath testing
Security of traveler	Travelers generally protected by "big name" brands with standardized safety and security policies and procedures both the product and the staff providing the service	Unreliable nature of Airbnb properties gives no guarantee of traveler security and potential increase in risk of harm to person.
Assistance in Emergency	TMC offering 24 x 7 support to change, cancel or seek alternates in an emergency	Little to no support

### Data

In order to effectively manage travel programs to ensure maximum returns, comprehensive data is required to offer full transparency of employee's T&E expenditure. Both Uber and Airbnb have launched business programs offering travel data, and both are now exploring options to provide feeds to TMC's to meet requirements and integrate with expense management tools.

Accommodation data	Full transparency on all data for accommodation booked through TMC available once booked	Little/no data available or unreliable due to nature of Airbnb properties
Ground Transport data	Data available if pre-booked through TMC however for taxi expense data only available post trip	Uber data often better than taxi and black car due to geotracking for both expense and duty of care
Security of Data	Confidence that personally identifiable information (PII) will be handled according to local legislation applicable to data security	Little/no confidence that PII will be protected according to local legislation for data security
Policy Limits	Bookings made through TMC consultant and/or OBT will need to meet travel policy in order to be booked	Uber business program allows travel managers to set policy limits and access ride/expense information at will
Admin work	Administration time by organization travel manager streamlined when bookings made through preferred suppliers	Bookings made outside of policy can cause additional work for travel managers who are required to piece together expense claims post-trip

### Supplier/Travel Experience

In addition to data and duty of care concerns, there are a number of supplier and traveler concerns to be weighed up when considering whether to include sharing services in your overall travel program.

Negotiated Rates	Favorable negotiated rates at established properties in high volume cities	No negotiated rates
Quality of Accommodation	Higher levels of confidence when staying at established global accommodation brands	Little to no guarantee of quality of accommodation until arrival
Ease of use for regular city bookings	Easy to rebook same hotel, even same room when staying in same city frequently	Little to no guarantee of being able to rebook same property
Booking decisions for ground transport	Ground transfers need to be booked in advance or potential taxi queues at unfamiliar airports which often take cash only	Ability to make quick booking decisions via Uber app, no cash required. Know where your car is prior to arrival.
"Bleisure" travel experience	Standard hotels offer little in the way of local culture and experience	Airbnb properties allow person to truly immerse in local culture, experience city as a local "home away from home" experience
Accommodation check-in process	Simple, easy, and quick check-in with many properties now offering mobile check-in	Can be cumbersome to arrange to meet with owner to collect keys etc
Cost of stay	Negotiated rates can be favorable however as the length of the trip extends so does cost of stay	Airbnb properties become more appealing when length of stay goes beyond 3-4 days, potentially cheaper than hotel cost for same period



### In Summary

For organizations considering amending their travel policy to include sharing services such as Uber and Airbnb, it is quite clear that in terms of Duty of Care and Data, that bookings made through the TMC using established suppliers are the most logical choice. However, both Uber and Airbnb offer some compelling value-adds; particularly due to the nimble nature of the technology platforms, thus enabling travelers to make quick and informed decisions about travel.

It should be noted that the disruption caused by sharing services has introduced an element of competition that, at the end of the day, acts as a benefit to the end user. For example, many large hotels are introducing more urban-style accommodation choices, offering more flexibility around check-in/check-out times and even lowering average daily rates to appeal to a wider customer base. Similarly, traditional

ground providers are changing the way they work with TMCs and introducing new technology platforms such as Get Picked Up, allowing travelers to pre-book door-to-door transfers using a mobile application.

In the regulatory space, Uber will need to address compliance with legislation that affects safety of travelers while Airbnb may be an appropriate solution when occupancy in a city is high or an extended stay is required.

Any organization looking at sharing economy services in their travel policy should carefully weigh up the pros and cons with an expert from their travel management company to determine when and how these services might be appropriate. A solution should be created for data capture to ensure the organization meets Duty of Care obligations for employees that are on business and that expenses are properly accounted for.

### What are the next steps?

FCM recognizes that there may be times when using a sharing service may be the only viable option, or in some cases, offer a better experience than traditional services. Some examples where we have worked with clients to assist them with using these services include:

- FCM have partnered with professional services firms and Airbnb as part of their "long stay" programs and had a number of properties in specific locations assessed and approved for corporate booking – similar to auditing of inventory prior to being approved as a policy-compliant selection for accommodation.
- We are able to assist organizations interested in using Uber to facilitate tripartite discussions with an insurance provider to specifically include Uber and similar services into travel and public liability insurance policies.
- FCM can work with organizations and Uber to restrict particular services in various cities. For example it could be arranged to restrict services only to UberTaxi and UberBlack in a city where UberX may be deemed unsafe.

As your business travel partner of choice, FCM will work with you every step of the way to determine whether or not sharing services may be suitable for your organisation.

For more information, contact your account manager or inquire online here: [us.fcm.travel/contact-us/inquire-online](https://us.fcm.travel/contact-us/inquire-online)