

PROCUREMENT

A Travel Program & Its TMC Start Virtual Card Programs Together

By **JoAnn DeLuna** / July 06, 2017 / **Contact Reporter**

A traveler whose virtual card process doesn't work at hotel check-in is like that one kid at summer camp who doesn't get a personalized water bottle, related Steven Mandelbaum, who has worked his way up from camp counselor to VP of business solutions for The Advisory Board Co. "You could've had 300 bottles and missed one. Statistically, it's insignificant, but ... imagine the impact on that one child. When you're talking about a trip ... there's a very big impact on that particular traveler. So for us, it's very important to make sure we avoid that."

That was on Mandelbaum's mind in January as his company implemented virtual cards for hotel bookings. His goal was to improve expense reconciliation, increase control over the travel program and develop a way to pay for travelers who don't have corporate cards. The virtual card would need to embed well into The Advisory Board's travel program and allow The Advisory Board's travel management company to continue to act as a one-stop shop for travelers "so that at 11 o'clock at night, the traveler isn't bouncing around calling the agency and the agency says to call the bank and the bank says to call another company," he said. "You're sitting at the hotel the entire time and you just want to get into your room," he said.

Meanwhile, The Advisory Board's TMC, Balboa Travel, had been looking to enable virtual card payments for its customers. The Advisory Board became the first customer for Balboa's proprietary platform, called EasyPay. "We had a corporate customer [in The Advisory Board] who was willing to work with us through the process and understand that things aren't going to be perfect until you work everything out," COO John Cruse said.

How the Virtual Card Program Will Work

The Advisory Board plans to expand its virtual card program from job candidates to employees.

Step 1: An Advisory Board Co. traveler books a hotel on NuTravel.

Step 2: The Advisory Board's TMC, Balboa Travel, plugs into Comdata's API & pull a MasterCard virtual card number into the booking to cover the room rate, taxes and fees.

Step 3: Balboa faxes virtual card authorization to the hotel four days before check-in and again the day before.

Step 4: Balboa calls the hotel the day before check-in to ensure the hotel received the fax.

Step 5: A special Balboa business unit for virtual card support is available for travelers to call 24/7 if a problem still happens at check-in.

"[Mandelbaum] has a level of understanding for corporate travel and expense that's unique in our world. He understands the risks and expectations that go along with it, and he's willing to play in that realm to help us make it better."

Building the Platform

Once a traveler books through one of Balboa Travel's online booking tool partners—Concur Travel, GetThere and NuTravel, which is the tool The Advisory Board uses—EasyPay plugs into the card issuer's application programming interface and pulls a virtual card into the booking, Cruse explained. In The Advisory Board's case, the card issuer is Comdata, the same company that issues corporate cards for Advisory Board employees.

At this point, however, Mandelbaum uses virtual cards only for job candidates. Candidates call Balboa to have an agent make the flight and hotel accommodations. The Comdata virtual MasterCard that EasyPay creates to pay for room and taxes links to the central billing account with which The Advisory Board pays for candidates' and employees' flights. The virtual card ties the traveler, amount, date and merchant together for easier reconciliation, Mandelbaum said. Recruits pay for incidentals on their own cards and submit reimbursement forms.

Balboa then faxes the virtual card authorization to the hotel four days before check-in and again the day before. Some cities and states require faxes to be sent even further in advance, such as Las Vegas, which requires a fax seven days before check-in, Cruse said.

“ Instead of placing support of the virtual card program on all agents, we separated it to a business unit to handle support. They're support agents that are not taking reservations but supporting the tools and processes that sit behind the agents.”

Balboa Travel's John Cruse

How & Where It's Going

The Advisory Board has been issuing about 100 virtual cards a month, and the fail case is "incredibly low," Mandelbaum said, primarily because Balboa continually double-checks reservations and calls hotels. Despite virtual card shortcomings and the support required, Mandelbaum plans to enable virtual cards for the company's 3,500 employees.

Step 6: The virtual card number links to The Advisory Board's central billing account, but after checkout, the charge still will flow into The Advisory Board's expense system so the employee can verify it as a business expense.

He likes the control his travel program gains: "If booking your reservation through the program is what generates the payment vehicle, then I get greater compliance through that." Even though the virtual card charges don't need to be reimbursed, they'll flow into employees' respective expense reports so employees can verify each transaction.

Mandelbaum will continue to push for improvements, as well. Choice Hotels developed a system in which its hotel property management system recognizes virtual cards, eliminating check-in hassles, but Mandelbaum believes corporate adoption of virtual card payments at hotels will become more widespread once a larger hotel chain like Marriott or Hilton embraces such a system. "Until that point, everyone is trying to work within the system that exists, and it's not ideal."

Meanwhile, four additional Balboa customers have begun using EasyPay. The TMC is striving to make the process more touchless for reservation changes. "That gets much more complicated ... [but] we want to be able to handle that without getting a lot of agent labor involved," Cruse said.

Balboa also is considering an app that will allow travelers to display the virtual cards from their phones or a system that will email travelers links to their bookings' authorization details.

Mandelbaum has a larger concern, however: He'd like to receive better folio data for reporting. When The Advisory Board asks MasterCard for more complete folio data, the card network says the hotel chain hasn't provided it. Hotels, meanwhile, claim they have, Mandelbaum said. Virtual card payments to hotels haven't solved for that circle of deflection, but here Mandelbaum sees an opportunity. "If you weren't getting the folio before, then you're not getting it now [that you've implemented virtual cards] because it's the same product," Mandelbaum said. "I'd be open to allowing [hotel ancillary charges] on the virtual card if I got better folio data."