

## Nordic Insights Oct 2020

### Johnny Thorsen Eps 17 Part 2

**Satu:** [00:00:03] Now, if we look at your identity and your about Nordicness and you of being a Danish, are there any specific Nordic or Danish traits that you can identify within yourself that have made you successful?

**Johnny:** [00:00:18] I think so. But I also have to say where we left Denmark in 1991, first lived in Norway for four years. So there were still in the Nordic region. But since 95, I've only kind of lived outside Denmark and the Nordic region. But when I look at how I behave and how I kind of deal, I know that the transparency, integrity and being kind of straightforward and honest and clear, those are Nordic values to me, you know, and I'm sure you know this worldwide as people from the Nordic, we have a way of saying things that other cultures don't always want to do. We are more direct. We kind of we have less politics when we explain things. And I have been burned a few times, both in England and in the US, when you suddenly ask questions and it's very clear that you are offending somebody else, even though that's not the intention at all. It's just a logical kind of question coming out of the way we we think and behave in the Nordic, because I think we have all been raised with the mindset that if you see something is not right or can be done better or smarter, then you should say it. And I would say that's really one of my core values to to always be open and honest. But I've learnt to be more polite when when I do it.

**Satu:** [00:01:40] Yes, more diplomatic. Me too. That I've been trying to teach myself. My husband doesn't always agree with that. Yes. Now, when we talk about Nordic countries and you mentioned a few times that, you know, like Nokia was very much, you know, for runner , for, you know, some of these, you know, futuristic inventions. So what that's I think is quite Nordic trade that, you know, be a benchmark in many, many areas where we are, you know, in your opinion, what are those key things that the rest of the world could kind of learn from Nordic Nordic countries?

**Johnny:** [00:02:21] So and of course, this is this is a sensitive area, right? Because you you almost have to go into politics.

**Johnny:** [00:02:30] But I think we clearly have an incredible good model for giving everybody the chance to get an education. And when everybody has a chance of getting an education, you get a bigger percentage of, you know, a given group of people will end up having an education and therefore being able to do more interesting things as a whole. We also have an approach, I think, where big challenges are attacked by the society, by the government, by our kind of, you know, welfare model instead of by individual companies. And if you look at some of the industries where the Nordic region, we are incredibly successful. It's about these days. It's about green energy. It's about sustainability. It's about the way we produce and manufacture products where companies take responsibility in close partnership with governments, at least when I compare to other parts in the world. And I really think sustainability is a perfect example of how the Nordic region have converted that to a business opportunity instead of a big problem. It's now a growing sector with incredible number of jobs being created in companies with Nordic roots. And that's fantastic to look at.

**Satu:** [00:03:51] So, so agree with you when we talk about sustainability. While I was doing my research, I really resonated with your mission for Sustainable Green Travel. And in early 2019, you wrote that your mission is to start thinking green and start campaigning for a greener mindset. And one of your proposals You mentioned that the aviation industry could charge half a percent extra as part of tickets and put that money to an industry fund for research and development for a greener process in aviation. So that makes so much sense and I would be happy to do that, however, many things have changed now. And so what do you think are the main consequences of covid when it comes to green travel and. Well, firstly, when it comes to industry and and secondly, when it comes to travelers themselves,

**Johnny:** [00:04:51] I actually think that sustainability will be a winner from from the whole covid-19 impact for for several reasons. First of all, of course, in the travel space, we are travelling less right now. So by definition we are emitting less carbon and annual emissions will go down 15, 20 percent, whatever the number will be this year. But but more importantly, the airlines have retired a lot of the oldest planes and there are some interesting stats around it. A new plan will be 30 percent more fuel efficient than a 20 year old plane. And the average age of planes in the US before covid was 12 years. In Europe, it was 10 years. So if all the oldest planes have been retired from operation, we are improving fuel efficiency quite a lot. So. So that's one positive. What's more

important, I think covid is hitting the airlines so hard that some of them will hopefully take a step back and say this could be the chance for me to accelerate really going green. And there are several projects that are, you know, within five, 10 years that every time frame for new small electric or hybrid planes actually flying. My favorite is a UK based project called FERADER, where they expect to have a 16 passenger plane in the air by 2028, which will take off with traditional aviation fuel, but then it'll fly and land on electric. In other words, it'll only emit carbon at the start. Wow. And furthermore, it'll be self piloting. It can fly without a pilot and it will be able to convert from a 16 people passenger flight to a three airline cargo container flight in 30 minutes.

**Satu:** [00:06:45] Wow.

**Johnny:** [00:06:45] So it's a fantastic example of new technology helping accelerate. I think covid will force the airline industry to think in new ways and hopefully one or two airlines will say, I want to be the undisputed global leader in green aviation. That's my hope.

**Satu:** [00:07:04] But that's very good news when we talk about actually what is happening today. Did you ever predict that something like pandemic, you know, which Bill Gates was talking about in 2013, could put everything in hold like like this what we are experiencing now in in the world and in the travel industry?

**Johnny:** [00:07:22] I, I have to admit, I did not. But I actually I was halfway there would say, because in November last year, I presented down in Mexico to a UniGlobe, the global TMC network. And David Hughes in your part of the world was there. And I did have a slide up there where I want the Uniglo TMC' members to prepare for dramatic disruption. And I have nine examples of what disruption could be. One of my examples was that we would no longer have a PNR to manage the bookings. Another one was the airlines no longer would accept credit cards. A third one was that hotels would stop loading rates into the old legacy systems and their blockchain would manage smart contract rates instead. And finally, and that's the closest one I said that that we might see, short haul flights of one to two hours or less being banned politically to protect the environment. So my message was, you should start thinking about how would you react if one of these of several of these were happening and what would it do to your

customers and to your overall business? So that was the closest I got I did not predict or foresee a complete global pandemic. I have to admit that.

**Satu:** [00:08:42] Yes. Well, I don't think almost anyone could do that. Now, when we think about then the future travel and how it is going to look like, let's say, in three years time, even so, how will travel, deliver value and benefits in the future? And if you all think, first of all, I mean, travel providers have to dramatically change their strategies and also for for the industry and for the travellers. So how do you how do you see that that happening?

**Johnny:** [00:09:16] That's a that's that's a really good question. So obviously, we cannot we have three types of travel when you ask that question, corporate travel starting there. I definitely think we will see a dramatic reduction of corporate travel on the long term basis. I don't think we will be going back to where we were in 2019. My current guess is that we will be at 80 percent in 2024, and that's because sustainability will drive demand down. New virtual meeting technology will evolve dramatically next year. What we're seeing right now with Zoom and teams and WebEx and these tools, that's first generation still next year, I think we will see gaming technology moving into virtual meetings and events and we will see a whole new level of interaction and ability to have very creative virtual get togethers because it already exists in the gaming world. Gamers have been multiplayer gaming together for years and that technology, I think, will move aggressively into the corporate world. And finally, the CFO is not going to give up the savings they have right now. They will protect a reduced travel budget in the second category, which is the meeting and event space in general. We will see a comeback because in industries it makes sense to get people together and share knowledge and have debates and agree on standards or guidelines. But I don't think it'll be to the same volume we saw before. People will be less ready to to go to these mega events, whereas the third area, I call it, you know, the friends, families and holiday travel, that will probably grow because suddenly we will be desperate for experiences again, but also for just seeing each other and sharing experiences, because we all go into this phase right now where we have to realize that it's not a natural thing.

**Johnny:** [00:11:16] You can just go and see anyone you want when you want them when it comes back. That will probably be a dramatic growth in experience travel where people will get together and do things together. And that's where it'll be interesting how

good virtual technology will have become at that point in time, because what if travel became 30 percent more expensive because of sustainability pressure? Suddenly the idea of very cheap flights would not be possible anymore. And then you would really value when you did go somewhere and probably stop doing many short trips and do fewer longer trips with higher experienced value. So I think the the behavior of the traveling population will change. I know for my own part, I have decided I will not do one or two day trips anymore. If that's not worth doing, it can be done virtually. I don't care if I have to get up at three AM or whatever. This morning I was up at five a.m. presenting to the Norwegian Business Travel Association. So in the old world I would have been in Norway, right. I would have flown over there and spent one day, perhaps one and a half day in Oslo and then gone back home. That will not happen again for me. I know that.

**Satu:** [00:12:29] Well, that's that makes sense. And it's so interesting. Can you give some predictions for industry players who are those players who will survive in this environment?

**Johnny:** [00:12:57] Oh, well, that's a that's a loaded question.

**Johnny:** [00:13:02] So I will not put names. But if we start with with the alliance, at the end of the day, the alliance will probably more or less all survive, even though they shouldn't. This is a perfect time to to optimize and consolidate the airline industry again and have fewer, stronger players. But obviously, airlines is a national pride. And we have seen how many governments have given airlines money. What's interesting is they're really giving money to a black hole here. The money they are giving will be gone by the end of year. There's no return on this money. Those are protection of jobs. But for what purpose? If those jobs are gone next year anyway, the money could have been used in much better ways. But I think airlines will probably survive, given the political pride in having a national airline. No matter what politicians generally say, hotels is a very different matter. A lot of hotels around the world are owned by investment groups. And if they don't, if they don't see a return on investment or on a building being a hotel, they will cancel that contract and convert the hotel into something else. So I think we will lose a lot of hotels that we are used to seeing everywhere around the world. Even the big global brands, a lot of their hotels are franchise partners. Right. Who who have a name, but they're owned by local investors or property management groups.

**Johnny:** [00:14:25] And they will go after the highest return on investment. And that's probably not running a hotel in a lot of places. Car rental ideally should grow or at least see a slight growth simply because people will rather drive, then fly short haul. So if they can rent a car and drive somewhere and avoid using their own car, I think that will be a meaningful short haul way of doing business travel on the service side to make ATMs as we know them. They are four or five, depending on who you include, right. I don't see all five surviving. It makes no business sense that all five will be there because if the market has gone down by 50 percent, then it would make commercial sense. If they also consolidate, it's but that's a financial ownership decision, whether people will invest in keeping them alive or look for alternatives. But in the midst TMC range, I think we will see a lot of companies disappear. They will not have the money to either sustain themselves or to invest, because whether you will make it TMC or Medium-Sized, TMC or small TMC, you really have to invest in new technology and increase your productivity by at least 50 percent. You cannot keep working the way you did in the old world. It's too expensive. Customers will not be willing to pay for that service model.

**Johnny:** [00:15:49] So you need to find new ways of automating more work and charge lower fees for fully automated services. And that leads to new players entering the market. It's a lot easier to build a new digital TMC from scratch than converting an old TMC. So if you have five million dollars, you can you can build a new TMC. It doesn't cost more than that in today's world. And you can more or less be global from day one with that GMC offering if you build it the right way. And that's why this is a very interesting time. It would be smarter to invest money in building new business service providers from scratch rather than investing them in maintaining old businesses. But obviously that's easy to say and it's very hard to to make those decisions. But I really do think we will look back at 2020 as a year when the business travel model broke and a new structure started arriving, just like our online travel arrived in the late nineties and it took about ten years before it really kind of became the normal way of doing things. And what we are seeing happening right now, I see it with all the startups I'm involved with. Each of them are automating things that are done very manually inside the teams today. And once you can automate, there's no excuse for not doing that.

**Satu:** [00:17:11] That's so exciting. Now, when we if we talk about the startups that you mentioned and could be real disruptive today, can you mention a few that you think that looks look very exciting?

**Johnny:** [00:17:24] I definitely can. So a company like Troupe Travel is really interesting because they started before covid was there and they started addressing the problem of planning where to have a meeting when people were coming from, say, 50 different places. It could be your annual sales meeting in a big company, troop travel build technology that would identify the best. Commercially, price wise, sustainability wise, time spent travelling wise, where we have most customers wise, any angle you want to look at cheap travel would analyze and say this is the best place to have the meeting. When covid hit, they will quickly realized this was an opportunity and they have now enhanced their platform to include virtual or hybrid meeting planning. So let's say I have 100 salespeople in the US. I want to get together for a quantum defense meeting, but my company have a rule that says no more than 20 people can be in the same place and nobody should drive more than three hours to a meeting. And we don't allow air travel to travel. Will tell me within a few seconds where I can have 20 people meeting in four different places and then 20 people will have to stay home because they have more than three hours driving and therefore they can attend virtually. And now we have 80 people meeting in four places and 20 people attending from home. And they all have a hybrid meeting together. You could not do that manually in days of work white, because you would have to start finding out where do people live and work at the Google map and find out where do we have potential places they can meet and how long will it take them to get there. All these things can now be done automatically. So I really think Troup Travel will be a winner in in the new environment. We don't without Covid because you can also use them to find the most sustainable place to have the meeting. They have several companies in the Nordic region that are now working with their technology already because they believe in having the most sustainable meeting program as part of their overall program.

**Satu:** [00:19:31] That sounds very exciting.

**Johnny:** [00:19:33] Yeah, another very interesting new player is a UK based company called Trust Carbon (Carbon Trust). So Trust Carbon have built an engine that calculates the accurate carbon emission from air, rail, car, bicycle, ferry, whatever transportation mode you want. And they do that fully automated via an engine that you can call as an API or you can use them to deliver the dashboard and the results. And all this is happening real time. So it's not possible to include actual detailed carbon

calculation in the early availability search instead of waiting until the end of the trip. Secondly, they include new factors such as engine type average load factor time spent, taxing, a lot of variables that changes the result of the CO2 emission, where the travel industry in general uses how many miles to fly. And that's what we did ten years ago. We need more accurate calculations and carbon. Carbon is a clear leader right now in calculating the most accurate footprint, even for community. Travel into the office when that becomes possible again, so a company can have a daily carbon footprint for all employees who are moving anywhere, traveling or commuting.

**Satu:** [00:20:55] That sounds so exciting and definitely all about the green travel mindset. Now we think about leisure travel. And you said that you think that the experience of travel and leisure will increase. What do you think is going to happen to all travel agents?

**Johnny:** [00:21:14] So I think for a while travel agents will see a comeback, because when we plan travel as a leisure traveler, it's nice to have somebody kind of we can either blame or praise for giving us a good or bad experience. And it's very hard right now to find out the true picture of what you can and cannot do, where you can or cannot go, what's old and what's closed. I saw it myself this summer when when we traveled back to Denmark, my wife and I, the information I could find before going to the airport did not match what is on the airport. And the same was the case when we flew back home to California two months later. It was hard to get reliable information because airports are not used to communicating on an hourly basis. They communicate once a quarter to their shareholders. Right. And airlines don't own the airport. They own the in-flight experience. So we will have travel agents for a little while, but then technology will overtake them big time because this is now about processing and consolidating and processing an incredible amount of data quickly. And new tech tools are coming along very quickly.

**Johnny:** [00:22:31] What is itinerary planning tool called Mobi, which are kind of trying to do the door to door planning experience in the leisure travel world? Incredible. Elegantly, I know in my own work inside American Express and I'm on the car side, I have nothing to do with GBG, but. Amex card in a digital that's where I work, we are looking at new ways of providing intelligent travel, planning and inspirational tools and and they will be driven by technology, not by people. People will support them. People

will be important for being kind of behind the scene and make sure that technology still makes sense. And, of course, we will still have cases where technology cannot deliver. But it's just like, you know, the talk tribal example, when you need to process thousands of data sources and get a quick result, a human person cannot do that. It'll take them hours to jump to 20 different websites and look at the latest information where, well, several party platform can do that in a few seconds and tell me what I want to know. And let me make my decisions based on that.

**Johnny:** [00:23:40] Well, that sounds so exciting now if we go back to Nordiques, what do you think about the role of Nordic countries and Nordic Know-How in this new normal will be when it comes to travel? Can you see any trends?

**Johnny:** [00:23:57] So I'm not close enough to really kind of give good examples.

**Johnny:** [00:24:04] Right. But I've presented to the Danish Business Travel Association back in January. I was really impressed that half of their one day agenda was about sustainability. They had sustainability speakers from the government, from the airline community, from the kind of EU level environmental kind of agency. They had a number of different kind of angles looking at sustainability and of course, also from the travel by community. So it was very clear everybody took it very seriously. It was not loose words anymore. And other trends that should happen is that a rail travel will hopefully be expanded further. Right. We we still have high volume of air travel between the four Nordic capitals. And we might finally see the emergence of true high speed rail between the four capitals as a into a Nordic project where it will probably take 15 years. But then you could have true high speed rail connecting the four capitals and eliminate air travel between them. And that will be an incredible example to send the rest of the world that you can do it if you want to wait. And it would be a good business and environmental investment.

**Satu:** [00:25:19] That would be a pretty fantastic initiative if that would happen. So your advice for everyone, for the industry and for the travellers, what is your advice?

**Johnny:** [00:25:32] So so I would say we have spent six months kind of morning now worrying about when will we return to the old normal before covid. And I think now is the time to accept that we are not going back to that normal. And if you want to survive in

your business, you now have to focus on how do you create a successful business in the new kind of 50 percent environment. What do you need to do to make sure you are the winner? Because if you don't invest in improved technology and improved automation and a new capabilities, your competitors, well. So even if you survive somehow with government money or whatever, you will be out of business when we go back to normal because your competitors will be far ahead of you. So I really think it's time to stop thinking about what we have lost and start thinking about what are the opportunities. And there are plenty of opportunities. Every time we have big disruption, big opportunities come out of it. So look ahead, don't look back anymore. And I'm writing an article about this that will be published next week, all about, you know, stop looking backwards, start looking into the future.

**Johnny:** [00:26:43] That's a great ending and create a great vision for everybody for the future. So thank you very much. You know, it's been so exciting to talk to you.

**Satu:** [00:26:54] Thank you so much for sharing your story and you know how to us and I'm sure myself and all the listeners will have learned a lot and have lots to think about. So thank you so much. And now, first of all, stay safe out there. Hopefully there will be no more fires and we'll do and, you know, we'll have a very positive outlook in the future.

**Johnny:** [00:27:18] Thanks very much. As and hopefully you guys will have a better summer than last year and avoid the big fires in the coming summer season. So stay safe down under. And I really hope I can come back to Australia next year. It was the plan to be there for Christmas and New Year and parts of January here for this summer down under. And of course, that's not happening now. So I'm crossing my fingers that that we can go down on the next year.

**Satu:** [00:27:46] We'll look forward to seeing you face to face very soon. Thanks again.

[00:27:50] Absolutely. Thank you very much.