

"Revolutionizing Travel: Pioneering Innovation at Travelstore"



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Redefining Corporate Innovation and Culture for Travelstore's Future

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Abstract

This thesis examines how Travelstore, an agency specializing in business travel, can use Design Thinking, Artificial Intelligence (AI) and Innovation to stimulate its digital transformation, optimize efficiency, and offer a better customer experience. Faced with processes that are still too manual and poorly integrated systems, it proposes concrete solutions such as the use of chatbots and data automation. By developing a culture where innovation is at the center and adopting advanced technologies, Travelstore can simplify its operations, strengthen its competitiveness, and ensure sustainable long-term growth. The study highlights the strategic potential of AI, not only to improve performance but also to support continuous innovation and adaptability in the business travel sector. By embracing these strategies, Travelstore is poised to revolutionize its operations, deliver unparalleled value to clients, and set a new benchmark in the business travel industry.

Keywords: Design Thinking, corporate travel, Artificial Intelligence (AI), digital transformation.

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1 Executive summary

Based in Portugal, Travelstore is a corporate travel agency specialized in planning and managing companies' travel needs. Although it primarily works with business entities, it is committed to providing excellent service to clients and maximize the customization of its travel solutions (Travelstore 2024). Travelstore's value proposition is defined by their clients, focusing on delivering high-quality service, allowing them to maintain a competitive advantage in the market. Their mission is to ease the travel process for companies through efficient and cost-effective arrangements (Travelstore 2024). Travelstore is part of the Embrace group, which includes five other brands: Emotionstore, which specializes in corporate and sports events; Lab, which manages events for pharmaceutical companies; Mundiconvenius, focused on organizing congresses; Allways, catering to both business and leisure travel, as well as personal trips; and Around Vector, Travelstore's software developers who provide technological services ("Home | Embrace" n.d.).

Corporate travel has evolved rapidly in recent years and is recovering from the post-pandemic era. Customer expectations are evolving rapidly, and market dynamics demand agility and technological knowledge to remain competitive. Nevertheless, while Travelstore remains flexible with its personalized services, their internal structure may not be able to anticipate these rising demands. The Global Business Travel Association expects the business travel industry to reach a record of \$1.48 trillion in 2024, going up to \$2 trillion by 2028 (Global Business Travel Association 2024). Moreover, studies show that 83% of individuals see business travel as an advantage of their job, both on a professional and personal level, highlighting the strong demand for corporate travel (Deloitte 2024). Factors such as globalization, technological advancements, and new customer expectations are expected to transform the business travel industry and frequent travelers' journeys (Mastercard 2024), presenting Travelstore with promising opportunities, as well as challenges.

One of the most significant trends developing is the use of Artificial Intelligence (AI). Currently, 82% of companies are using AI to manage business travel compared to 69% in 2023 (American Express 2024). As competitors increasingly adopt AI to enhance automation and personalization, Travelstore is actively exploring how to incorporate this technology into its operations. Adapting to AI presents a key challenge for the company, but it also offers an opportunity to maintain its competitive edge by complementing its customer-centric approach with cutting-edge innovations.

Travelstore's key advantage in becoming a leader, lies in its hybrid business model, which seamlessly combines online booking options with personalized support from dedicated agents. While many competitors focus primarily on automation, Travelstore sets itself apart by prioritizing a customer-centric approach. This model leverages advanced technology for convenience while ensuring tailored assistance for more complex bookings, offering clients the best of both worlds (Travelstore 2024). This thesis examines how artificial intelligence (AI) drives innovation inside Travelstore by transforming processes, strategies, and outcomes. Exploring the interaction between AI and innovation highlights AI's potential to generate new ideas, improve efficiency, and enable major breakthroughs.

Group Work

2 Foundations and Frameworks

2.1 Desk Research findings

While waiting for the official start of our collaboration with Travelstore, we decided to take the initiative and conduct desk research, also known as secondary research. The first step of our approach was conducting online research to gather knowledge about the travel industry and identify key market trends.

We started by looking into the significant travel trends that have emerged in recent years. With more and more hotels and accommodations adopting environmentally friendly practices, sustainable travel is fast becoming one of the most notable trends of our era. The fight against global warming is becoming a priority for many. The Marriott International chain is a case in point. Indeed, environmental initiatives have been implemented, as indicated on their website. It focuses on five key United Nations Sustainable Development Goals (SDGs):

- SDG 6: Clean Water and Sanitation
- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action (Sustain - Csr-marriott n.d).

However, the apparition of low-cost airlines has created a disruption in the travel industry. By being affordable and accessible to all, the number of flights increased significantly worldwide, contributing significantly to global carbon emissions. This contributed to the booming of international tourism and the sudden popularity of certain destinations such as Lisbon. If we take the example of Lisbon, while it helped the local economy, it also led to a crowded city with a housing shortage crisis and strain on public infrastructure. This highlights the necessity for systemic change by promoting sustainable practices to balance economic growth and ecological and social responsibility, ensuring the long-term sustainability of the tourism industry. (Gössling and Higham 2020). Another significant trend is the rise of digital nomadism, which attracts many professionals by allowing them to work anywhere worldwide (Hennigan 2023). Additionally, "bleisure" travel, which mixes business trips with leisure activities, has been transforming the traditional business travel model for some time (Morgan 2022). Business travel has changed, travelers now want to visit the places they visit. This

completely changes consumer demand, forcing the industry to adapt by offering new services and experiences.

During our research, we reaffirmed several insights gathered during our master's studies, particularly the growing importance of sustainability in investment strategies. According to Natalia Olynec (2023), companies prioritizing sustainability have the potential to attract more investors, enhance their reputation, reduce costs, manage risks, and meet regulatory requirements. She emphasized that "in the dynamic business landscape of 2024, future-ready firms will position sustainability at the core of corporate strategy." This realization led us to identify sustainability as a key differentiator that could help Travelstore stand out from competitors.

This research also sheds light on the potential of AI to address both customer service and risk management in the industry. AI technologies, such as intelligent chatbots and predictive analytics, offer businesses tools to provide personalized solutions, enhance operational efficiency, and prepare for unexpected disruptions. Thus, AI is particularly valuable in identifying and mitigating risks: "AI can generate insights on how potential disruptions might affect travelers differently and provide personalized recommendations." Such capabilities allow companies to better prepare for unexpected situations and offer tailored solutions to travelers (Sangiovese 2023). Beyond risk management, AI also plays a crucial role in enhancing customer service. Intelligent chatbots, for instance, deliver instant support, answer queries, and assist with bookings. Platforms like Skyscanner have successfully integrated AI-driven systems, enabling features such as flight price alerts, which contributed to substantial user growth (Izhak 2024). In addition, AI plays a vital role in predictive analytics, using advanced algorithms to forecast travel trends and real-time price fluctuations. This capability enables businesses to anticipate demand and optimize their offerings, reinforcing AI's value as a tool for enhancing operational performance and sustainability outcomes. In summary, AI stands out

as a versatile tool capable of driving efficiency, sustainability, and customer satisfaction within the travel industry. Travelstore would do well to explore AI solutions further to enhance its competitive edge and meet the growing demands of modern travelers.

Portugal is becoming a strategic hub for companies worldwide. Lisbon is home to many conferences and summits focused on AI, tech, finance, and startups, creating a dynamic environment for innovation. Events like the Web Summit and Portugal Tech Week are great examples of places where new ideas are taking shape. Portugal also has one of Europe's most competitive tax rates, making it attractive for business investments. “In 2021, foreign investment in startups exceeded €1.5 billion” in Portugal (MaeveH 2024). Lisbon is becoming increasingly popular as a business hub, and its thriving tourism industry makes it a great destination for both work and travel. Pedro Machado, Portugal Secretary of State for Tourism declared that “Portugal expects to close 2024 with €27 billion in tourism revenue while the outlook for 2025 is growth of 9%” (Donn 2024). Thanks to this secondary research, we have explored the main trends and potential opportunities available in the industry today. It has enabled us to establish a preliminary framework regarding Travelstore's future strategy. We also developed a comparative analysis of Travelstore's main international competitors. This involves assessing the competitive advantages of other B2C and B2B travel companies. This analysis is particularly useful as it inspires potential differentiation strategies for Travelstore. The results of this analysis appear in [Appendix 1](#).

While analyzing Travelstore's website, we noted that its core services and value proposition could have been more explicit and more transparent, which might have made it difficult for visitors to understand what Travelstore offers quickly. To address this, we reviewed other successful B2B websites with robust storytelling approaches to see what makes them effective. We selected these examples because they represent industry leaders known for their clear communication strategies and ability to effectively engage users through compelling

narratives, visual storytelling, and user-focused content. The first example was Mailchimp, a company in the marketing industry that introduces its services in a single, clear sentence on its homepage and employs a narrative-driven format (Mailchimp n.d.). We also looked at HubSpot, a provider of software tools that uses videos to explain its services and how they benefit businesses (HubSpot - Homepage n. d.). Finally, we analyzed Basecamp's website, a project management tool. Stories and customer testimonials in narrative form highlight their professionalism and prove how they solve their users' pains (Basecamp n.d.). This form of marketing communication could be interesting for Travelstore to develop a more comprehensible online presence and consequently improve customer perception and engagement.

2.2 Matrix for Strategic Action Prioritization

The secondary research helped to gain a better understanding of the travel industry. We have identified many areas where we see places for improvement and value creation for Travelstore. To structure these areas, we created a matrix to prioritize these efforts. The categories are High Impact/ High Urgency, Low Impact/ High Urgency, Low Urgency/ High Impact, Low Urgency/ Low Impact. This should give Travelstore an outlook on what to focus on in the upcoming years. The categories High Impact/ High Urgency, Low Impact/ High Urgency are focused on short-term implementations and can help to create short-term success within the following year. High Impact/ High Urgency are critical actions that will create significant value. Low Impact/ High Urgency are low-impact activities that require attention but may not drastically influence overall business outcomes.

The Long-Term goals focused on Low Urgency/ High Impact and Low Urgency/ Low Impact categories. On the one hand, Low Urgency/ High Impact focuses on strategic goals that contribute significantly to the company's vision and competitiveness but do not require immediate implementation. On the other hand, Low Urgency/ Low Impact are non-critical

initiatives with modest benefits. They would come into consideration when resources allow it. They are crucial for the Long-Term success of Travelstore and could secure a competitive advantage for them.

	High Impact	Low Impact
High Urgency	Implement AI-powered booking assistant to simplify bookings	Update website visuals to be more appealing and user-friendly
	Display CO2 footprint and offer carbon-offset options	Communicate technology efforts to customers
Low Urgency	Build a comprehensive ESG strategy with measurable goals	Research future trends in hybrid travel (business + leisure)
	Build a comprehensive AI-driven sustainability tracking system for business travel	Launch a marketing campaign highlighting Lisbon’s business hub status

Table 1. Matrix for Action Prioritization

2.3 Understanding the foundation and evolution of Design Thinking

2.3.1 The reason behind the use of Design Thinking

While conducting secondary research, we explored various ways to integrate a system to foster innovation in our work project. We took the work of David Bland and Alexander Osterwalder “Strategyzer Testing Business Ideas”, Alexander Osterwalder and Yves Pigneur “The Invincible Company”, and Alexander Osterwalder, Gregory Bernarda, and Yves Pigneur “Value Proposition Design” as guideline for finding an innovative system. The books by Osterwalder and Bland are part of a series of multiple books and are also referred to as the Strategyzer series. We evaluated the best approaches and decided we need a system that combines a user-centric approach, encouraging cross-functional collaboration with various business units, encouraging innovation and implementing creative problem solving, and addressing complexity and adaptability in a project. The challenge we are about to work on reflects these approaches and highlights their importance for ensuring their successful implementation in Travelstore. The method of Design Thinking has shown great potential in combining all of these approaches and use for it.

2.3.2 Introduction of Design Thinking

Design Thinking is a human-centered approach to innovation that integrates people's needs, technological possibilities, and business success requirements by utilizing the designer's toolkit (Brown 2009). This methodology, first created in the design field, has grown in popularity in various fields, such as business, education, technology, and health. Design Thinking is fundamentally about empathy, ideation, and experimentation. It seeks innovative, user-centered solutions to challenging issues (Plank, von Thienen, and Meinel 2021).

2.3.3 Evolution of Design Thinking

Design Thinking originated in the 1960s when innovative thinking and design techniques were critical to problem-solving. One of the early scientists who contributed to the development of Design Thinking was Herbert A. Simons, a Cognitive scientist and Nobel Prize winner. In his book “The Science of the Artificial, Third Edition” he describes the two critical concepts for Design Thinking: the concept of satisfying and the importance of prototyping. The idea of satisfying states that a solution should be satisfying rather than optimal. The complex world humans live in does not allow one to find the optimal solution simply because it is impractical. Simons understood the importance of building prototypes. He wrote, “[t]o understand them, the systems had to be constructed, and their behavior observed” (Simon 2019, 20). Both concepts underscore the need to focus on practical, achievable solutions while continuously iterating through prototyping to refine ideas and address challenges effectively.

As businesses, especially those in the technology and innovation industries, started applying these ideas methodically to management and business procedures, research gained traction in the latter half of the 20th century. Tim Brown was at the forefront of efforts to establish Design Thinking as a fundamental tool for innovation, and the well-known design consultancy IDEO was instrumental in popularizing the methodology (Bender-Salazar 2023).

Design Thinking's principles have recently been applied to more general contexts, including organizational change and digital transformation, as well as product and service design (Liedtka 2015). This development shows how Design Thinking is becoming more widely acknowledged as a flexible framework that encourages innovation and adaptability in a world that is becoming more interconnected and complex.

2.3.4 Core Components of Design Thinking

Design Thinking typically involves three to seven stages. It is a non-linear, iterative process designed to understand stakeholders, question assumptions, define problems, and generate and test innovative solutions (Dam and Siang 2024). Through the growing interest in that topic, multiple frameworks have been created. We chose a model created by the Stanford Design School, which has five key elements: Empathize, Define, Ideate, Prototype, and Test (Stanford 2010).

The Empathize phase is the first and foundational phase of the Design Thinking process. It focuses on understanding users' needs, emotions, and behaviors in order to create meaningful, user-centered solutions. By putting themselves in the user's shoes, the Innovator aims to uncover both expressed and unspoken needs that provide the foundation for innovative problem solving. Empathy enables the Innovator to set aside assumptions and connect deeply with users' experiences. It enables a holistic understanding of their challenges, motivations, and values. This understanding is essential to effectively address complex problems and create solutions that resonate with users on a personal level. Without empathy, designs risk being misaligned with real user needs. To better empathize, one should "Observe," "Engage," and "Watch and Listen" (Stanford 2010).

The Define phase, the second stage of the Design Thinking process, brings clarity and focus to the design challenge by synthesizing the insights from the Empathize phase into a clear, actionable problem statement known as a Point of View (POV). This POV highlights the needs,

insights, and context of a specific user or group and serves as a guiding framework for the rest of the design process. By identifying the challenge, the Define phase ensures a narrowed focus that enables the Innovator to generate innovative and relevant solutions. It organizes and interprets the results of empathy work, transforming isolated observations into a coherent understanding of user needs and challenges.

The Ideate phase, the third stage of the Design Thinking process, focuses on generating a wide range of ideas and potential solutions by “going wide” and exploring different concepts that can be refined and tested later. Serving as a creative bridge between understanding user needs and developing actionable solutions, this phase transitions the design process from identifying problems to exploring solutions. It encourages the Innovator to go beyond obvious ideas, embrace collective creativity, explore unexpected directions, and generate a high volume and variety of ideas to maximize the potential for innovation.

The Prototype phase, the fourth stage of the Design Thinking process, involves creating simple, tangible models of ideas to test and refine solutions. Prototypes are practical tools for exploring concepts, gathering feedback, and moving closer to a final solution. They serve several purposes: clarifying ideas and solving problems, facilitating communication by acting as discussion tools, and enabling quick, low-cost testing to validate or invalidate ideas or hypotheses in response to user input. By breaking down complex challenges into smaller, testable pieces, prototypes make the design process manageable and encourage rapid, low risk learning from early failures, ultimately saving time and resources.

The fifth stage of the design thinking process, testing is essential for evaluating prototypes and gathering user feedback to refine and improve solutions. This phase is not only about determining whether users will buy into a design, but also about gaining deeper insights into their needs, behaviors, and challenges. By engaging with users, the Innovator can better understand the problem space and ensure that their solutions make sense.

Through testing, prototypes are iteratively refined based on how users interact with them, often requiring a return to earlier stages of the process for adjustments. Observing these interactions also deepens empathy by revealing user motivations and pain points. In addition, testing can reveal flaws in how the problem was originally framed, leading to revisions in the problem statement or perspective. Finally, this phase validates that the proposed solutions meet users’ needs and expectations, ensuring that the outcome is both effective and user centered.

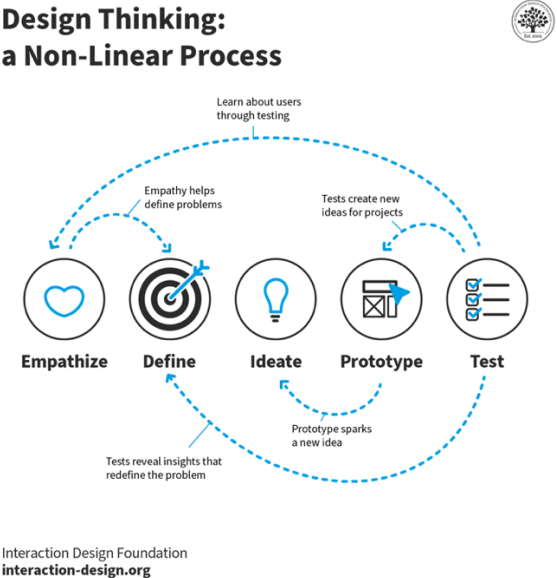


Figure 1. Design Thinking: a Non-Linear Process. “What Is Design Thinking?” 2024. The Interaction Design Foundation. November 30, 2024. https://www.interaction-design.org/literature/topics/design-thinking#stage_4:_prototype%E2%80%94start_to_create_solutions-10.

Having identified the initial challenges and opportunities for Travelstore, we recognized the need to narrow and focus the scope of the thesis. Given the broad nature of the challenges, we use the Design Thinking framework to systematically narrow our scope. Following its five steps helps us explore the challenges in a clear and structured way.

2.4 Navigating Barriers: Challenges and Strategic Approaches in Our Project Journey

Throughout this journey, we faced some barriers. Firstly, we found it challenging to communicate with our point of contact at Travelstore for external and personal reasons on his side. Consequently, our first interaction with the company took place at the beginning of October with the first interview conducted on October 22nd. We had decided early in the process to adopt the Design Thinking approach, which meant that the emphasizing phase (the first one) would require significant time and effort, as it would serve as the foundation for our understanding of the subject. However, we knew that effective emphasizing would enable us to deliver the best solution to Travelstore. During the emphasizing step, it quickly became apparent that the challenge was more difficult than anticipated for several reasons that we will elaborate on.

Another significant barrier to our participation in this thesis project is that, while we are eager to contribute, we are not AI specialists and need to learn more about the field. Tim Brown (2009) notes in his book “Change by design: how design thinking transforms organizations and inspires innovation” that there are three interconnected and essential criteria exist for fostering innovation. The first criterion is desirability. When developing a solution, innovators must ensure that it not only addresses the right pain but also resonates with the end users' necessities, making it a solution they truly need. The second criterion is feasibility, which leads us to ask, “Is it technically possible?”. Given our limited expertise, consulting with professionals who work closely with AI became necessary. We had to understand what we could achieve technically and what was beyond our reach, and we had to broaden our knowledge of AI. The third dimension is viability, which involves assessing whether the proposed solution would contribute to the company's long-term growth.

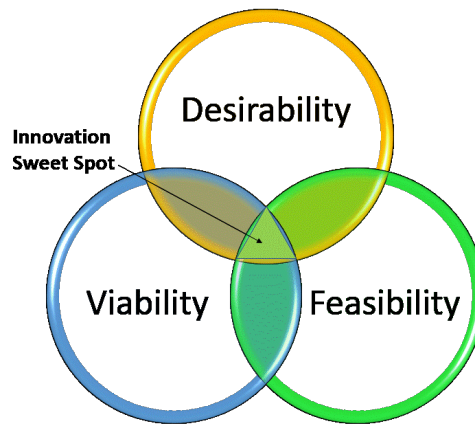


Figure 2 : The three interconnected pillars for innovation. Orton. 2019. “Desirability, Feasibility, Viability: The Sweet Spot for Innovation.” *Medium*, March 26, 2019. <https://medium.com/innovation-sweet-spot/desirability-feasibility-viability-the-sweet-spot-for-innovation-d7946de2183c>.

Additionally, there is a fourth aspect: ethicality, which is a crucial consideration. It refers to whether the solution we deliver not only achieves the desired outcomes but also upholds the highest ethical standards, ensuring the integrity of our project. The Stanford Social Innovation Review, in its article *The Ethics of Innovation*, outlines nine principles developed by UNICEF for project development. These principles are as follows: “1) Design with the user., 2) Understand the existing ecosystem., 3) Design for scale., 4) Build for sustainability., 5) Be data driven., 6) Use open standards, open data, open source, and open innovation., 7) Reuse and improve., 8) Do no harm., 9) Be collaborative.” (Fabian and Fabricant 2014). Throughout our process, we made a conscious effort to follow these principles as closely as possible. The Design Thinking framework played a central role in guiding our approach, enabling us to adopt a user-centric perspective that prioritized the needs of all stakeholders and focuses on long-term impact and sustainability. The interviews we conducted served as a key source of data and insights. By engaging with both users and industry experts, we maintained an open and inclusive approach that ensured diverse perspectives were considered.

Finally, this project reflects not only the work of three students but also the contributions of everyone who shared their insights and expertise with us. Their input was invaluable in

shaping our outcomes and reinforcing the collaborative spirit at the heart of both Design Thinking and ethical innovation.

Furthermore, Around Vector had already started to address this project. As they had already done their own research, our first call with Travelstore recapped their findings until now. On the one hand, this helped us quickly get into the challenge proposed to us and understand the context in which we would step. However, on the other hand, this call limited our understanding of the situation to their findings only, which would restrain our innovation thinking process in the future. Recognizing this risk, we emphasized the importance of using structured approaches, such as Design Thinking, to avoid these pitfalls. Design Thinking encourages a human-centered approach, with an emphasis on empathy, iterative problem solving and constant feedback. To go beyond our initial observations, we decided to carry out research in the field. We went to Travelstore's offices in Lisbon to observe how they work and to talk directly with employees. By cross-referencing the information from our desk research with concrete observations, we were able to put in place a more open and objective process, reducing assumptions and reinforcing the relevance of our solutions.

This approach allowed us to keep an open mind and explore opportunities that Around Vector may not have identified. Given that they are part of the Embrace group, their proximity to the problem could have introduced certain cognitive biases, such as confirmation bias - which leads people to see only what confirms preconceived ideas - or anchoring bias, where the first information received influences the conclusions too much (Kahneman 1974). Using the principles of Design Thinking, we were able to mitigate these biases by challenging our assumptions, gathering a variety of perspectives, and validating our ideas through regular feedback. This method enabled us not only to broaden our vision, but also to propose more inclusive and innovative solutions, by identifying opportunities that might otherwise have gone unnoticed by those too close to the problem.

Finally, the several interviews we conducted with Travelstore employees gave us a better understanding of their working methods and daily challenges. Thus, rather than seeing these exchanges as an overflow of requests, we approached them as a relevant opportunity to spot recurring trends and identify the pain points holding back their efficiency and satisfaction.

Using this approach, we prioritized the issues according to their impact and feasibility. We wanted to focus on the most urgent needs in order to obtain key information and begin to design concrete solutions. However, this process also highlighted what Cassi and Plunket (2014) describe in their paper “Proximity, network formation, and inventive performance: in search of the proximity paradox” as the proximity paradox. This paradox describes the belief that being very close to a subject will help foster innovation on this subject, whereas, in reality, one usually needs distance to see the bigger picture and not focus on small details that would benefit only a tiny part of the firm in the long run. Although Design Thinking emphasizes immersion and empathy in problem solving, it is just as essential to balance this approach with external viewpoints to avoid becoming locked into internal prejudices or short-term solutions. This paradox comes into its own in the context of open innovation, where companies often seek to tap into new ideas and perspectives beyond their own structures (Bogers, 2011). As master’s students, we approached this project with the advantage of being both outside observers and unbiased collaborators. This allowed us to step back, challenge existing assumptions and propose innovative ideas based on industry trends and academic models. By combining the insights gained from the interviews with our external perspective, we identified issues requiring immediate action and those with longer-term strategic implications for Travelstore. This dual perspective, rooted in Design Thinking and enriched by the principles of open innovation, enabled us to take a holistic approach to the challenges.

To conclude, our journey was not without barriers and challenges, but the multiple classes we took last year helped us find solutions for each problem that came our way.

3 Emphasize

3.1 Engaging Stakeholders

After researching the business travel industry, our next step was to take a deep dive into Travelstore's current operations. More specifically, we aimed to “engage” directly with stakeholders in the company to uncover their pain points in their work process (Plattner n.d.). The interviews were organized and planned for this research through our primary contact at Travelstore, José Luís Cardoso, a managing partner at Around Vector. Although José Luis Cardoso and his team had already initiated this project, we decided to conduct interviews from scratch and collect insights from an objective point of view.

We chose to carry out “Stakeholder interviews” to get insights from within the company on the project's current state. In total, we completed five interviews with individuals from different Travelstore departments. The interviews were conducted using a semi-structured interview guide and recorded with the consent of participants. The main pre-formulated questions revolved around these topics: Understanding the Role and Responsibilities, Customer Relationship Management and Improvements of the current system. Moreover, interviewees could share their perspectives about other topics of their choice. This method gave us the flexibility to let the conversation flow during the interview and ask more specific follow-up questions, to uncover deeper meaning (Plattner n.d.). The insights of these interviews, as well as the interview questions appear in [Appendix 2](#).

As we recognized our limited expertise in AI, we reached out to three external specialists/consultants in AI, blockchain management and machine learning engineer. This step was the next best course of action to get some professional advice. To gather an objective response and for privacy matters, we chose not to reveal the company's name to our interviewees and instead, described our main challenges such as a dependence on manual processes and disintegrated platforms. Our objective was to understand the most effective

practices within the AI and automation industry and to identify potential solutions for process automation, business integration, data management, and challenges/ethical considerations. These areas are critical for optimizing efficiency and ensuring seamless operations in corporate travel. We also explored how emerging technologies like blockchain could converge with AI to enhance productivity in business processes, to offer secure, transparent, and efficient solutions for managing complex workflows and transactions. The insights collected from these interviews helped us fill in our knowledge gaps and formulate innovative ideas that could be applied in Travelstore.

3.2 Gathering Insights

The main insights collected from these interviews revealed that Travelstore fosters a collaborative culture where ideas are encouraged through direct communication and feedback sessions. However, implementation is often slow due to varying priorities in departments and reliance on manual processes. The main challenges appear to be system integration, bottlenecks in handling multiple payment methods and time-consuming customization of travel solutions. Despite these obstacles, there are opportunities to automate repetitive tasks, improve self-booking tools and streamline operations for both customers and internal teams. The management team is proactive in looking for new opportunities, but efforts are primarily internally driven, with limited resources and time.

Group Work

4 Define

4.1 Internal Challenges at Travelstore

Besides their expertise in the travel industry and a good reputation amongst local clients, Travelstore is confronted with some challenges in its internal operations. Their procedures rely heavily on manual labor to process large volumes of data from both clients and suppliers. On

the one hand, companies require different travel needs, allow for different pricing methods and may communicate within different timelines, which requires a thorough and efficient screening process from Travelstore's team. On the other hand, the network of aggregators they are in business with provide their quotes in different formats, require different forms of payments and answer upon different delays. This adds complexity to the overall process making it both time-consuming and prone to errors.

Furthermore, relying on email-based communications with clients and suppliers creates further operational inefficiencies in the process. The staff must manually filter correspondence to organize, prioritize, and retrieve relevant information making it a time-intensive task. Only after they have collected all traveler's information and finalized the deal with the supplier can they transcribe this data into their own system. Time spent on these activities could otherwise be cultivated to strengthen customer relationships and develop innovative services such as introducing sustainable travel initiatives or VIP concierge services.

Several internal issues contribute to Travelstore's challenges. The company's reliance on manual workflow indicates an outdated organizational structure prioritizing traditional methods over technological innovation. Limited integration between platforms used for payment processing, traveler information, and credit card management creates operational bottlenecks. Additionally, email-based communication highlights a lack of investment in efficient tools for client and supplier interactions.

4.2 Impact on Business Operations and Customer Satisfaction

The dependence on manual processes can impact both operation efficiency and customer satisfaction. Indeed, managing a considerable amount of unstructured data, manually, from different sources, can become increasingly challenging with a higher number of clients and various compliances, such as pricing rules and city taxes. This process can increase the risks of errors and delayed responses, ultimately affecting customer service. Nevertheless,

recent studies have demonstrated that automation in travel business can be a valuable tool used to reduce errors, enhance data integrity and improve customer experience (Ivić 2023; Amadeus 2022).

4.3 The Need for Innovation

Travelstore's customer-centric approach can be enhanced through AI and machine learning. In fact, AI-powered tools can analyze large datasets in real time and identify trends to provide tailored solutions (Brynjolfsson and McAfee 2017). This would allow Travelstore to streamline operations, delivering a faster and reliable service. Furthermore, employees can dedicate their time to strategic tasks, creating value for both customers and the company.

If Travelstore does not address these operational gaps, it risks losing its competitive edge in a fast-evolving market. By investing in innovative technologies, such as AI-driven data analysis, integrated digital platforms, and process automation, the company can enhance its operational efficiency while maintaining its customer-focused approach. These innovations would not only improve service delivery but also position Travelstore as a forward-thinking leader in the corporate travel sector, paving the way for sustainable growth and long-term success.

Travelstore's main challenges lie in their dependence on manual processes and disintegrated systems which interfere with its ability to manage client and supplier data effectively. The risks associated with these inefficiencies could be related to service delivery, operational costs and a barrier to further improvements in the company. To stay ahead in the business travel industry, a dive into the trend of automation and AI integration could be determinant (American Express 2024). Through fostering a culture of innovation and leveraging emerging technologies, Travelstore can become a pioneer in an increasingly competitive industry.

	High Impact	Low Impact
High Urgency	Implement AI-powered tool to analyze large quantities of data	Update website visuals to be more appealing and user-friendly
	Implementing Innovation concept (Design Thinking) within the company to foster innovation	Communicate technology efforts to customers
	Replace manual intense labor with automation	
Low Urgency	Build a comprehensive ESG strategy with measurable goals	Research future trends in hybrid travel (business + leisure).
	Build comprehensive AI-driven sustainability tracking system for business travel	Launch a marketing campaign highlighting Lisbon’s business hub status
	Display CO2 footprint and offer carbon-offset options	

Table 2. Revised Matrix for Action Prioritization

Table 2 presents the Revised Action Prioritization Matrix, which builds on the original version found in Section 2.2. During our Primary research and the Definition phase, we gained deeper insights into Travelstore’s operations. These insights led to a shift in our research objectives. To reflect this evolution, we developed an updated matrix that incorporates both previous findings and newly identified changes. In the matrix, the color orange highlights changes made to the research objectives, while the color green indicates adjustments to the matrix structure itself.

This stage concludes with the identification of a clearly defined challenge: the development of an internal AI-powered chatbot aimed at streamlining employees' daily tasks, enhancing productivity, and seamlessly integrating with Travelstore's existing systems, while ensuring robust security measures and user accessibility. This narrowed focus ensures innovative solutions that position Travelstore as a forward-thinking industry leader.

5 Ideation

5.1 Insight Gathering

After interviewing Travelstore employees, our team took a day to individually brainstorm AI solutions capable of addressing the identified challenges. Each of us came up with at least two ideas, and the next day, we got together to share our thoughts. After an in-depth discussion, two main options emerged: exploiting automation combined with AI and setting up a chatbot.

The first idea was to simplify employees' day-to-day tasks through a mix of automation and AI using the Make.com platform (“One Automation Platform. Unlimited Possibilities.” n.d.). This tool enables the creation of advanced workflows and AI-powered automation, transforming complex processes into a fluid and consistent system. The second idea was to introduce an external chatbot designed to strengthen Travelstore's competitive advantage in customer service while reducing the number of inquiries received by email.

However, finding the right solution was not a linear journey. We wanted to deliver a solution that really met Travelstore's needs. It was in discussions with Jared Bonilla, a multipreneur and AI expert; that we realized we needed to adjust our approach. Jared warned us about the risks associated with external chatbots, citing a landmark incident at Air Canada in 2022. In that case, Air Canada's chatbot had given misleading information to a customer, advising him to buy a full-fare ticket with the promise that he could then claim a bereavement fare. The company denied any liability when he claimed a refund, arguing that the chatbot was an “independent legal entity”. This defense did not convince the British Columbia Small Claims Tribunal, which ordered Air Canada to pay \$812.02 in damages (Cecco 2024).

This example made us reconsider the idea of an external chatbot. After further research, we decided to focus on a safer solution more suited to Travelstore's needs and AI maturity level. Rather than implement an external chatbot, we chose to develop an internal chatbot.

This internal chatbot would be a valuable resource for employees, enabling them to get quick and reliable answers to their daily questions while saving them time. In addition to improving productivity, it would be a practical and accessible first step in integrating AI into Travelstore.

5.2 Exploring essential features and understanding the role of an internal chatbot

The internal chatbot is an AI-powered solution designed to meet the needs of Travelstore employees, not their customers. Using Natural language processing (NLP), the chatbot will be able to understand and interpret employees' questions and requests accurately (Gillis, Lutkevich, and Burns 2024).

Thus, to function correctly, the chatbot will be connected to Travelstore's knowledge base, giving it access to databases, internal documents, and FAQs. This connection will enable it to provide fast, accurate answers to recurring questions. For example, when employees need to research human resources policies or obtain IT troubleshooting, internal FAQ support will help them.

Nevertheless, the chatbot does not stop there. It will also be able to automate specific repetitive tasks, such as scheduling meetings, processing internal requests, or managing workflows. By automating these tasks, employees will be able to concentrate on higher added-value missions, improving the company's productivity as a whole (Maderis 2024).

As this is the first major integration of AI at Travelstore, the chatbot must offer a user-friendly interface that employees find simple and intuitive. Another key aspect will be customization: the chatbot will need to adapt to the precise needs of employees depending on

their role or department. For example, a member of the IT department will have different requests than an HR employee. To provide these tailored responses, the chatbot will need to integrate seamlessly with Travelstore's internal systems, such as ERP or CRM platforms.

However, security needs to be an absolute priority, as the chatbot will be handling potentially sensitive information. We believe that by implementing multi-layer authentication, it will ensure that data remains protected throughout interactions (Bonilla 2024).

Finally, the chatbot will include analyzing and reporting functionalities to study employee requests, identify trends, and continually improve its responses. In this way, the chatbot will evolve to better meet the specific needs of Travelstore's teams.

To conclude, with this internal chatbot, Travelstore will be able to offer its employees fast, efficient, and intelligent assistance. This will represent the first concrete step towards a successful AI implementation, improving operational efficiency while placing innovation at the heart of the team's day-to-day work.

Group Work

6 Prototype

Given our limited time, resources, and knowledge for implementing an internal chatbot, we relied on insights from interviews with Jared Bonilla, Chief AI Officer at Audr, and Eduardo Castro, a Machine Learning Engineer at LTPlabs. Developing a prototype for an internal knowledge center chatbot requires a structured approach to ensure it functions effectively and aligns with Travelstore's needs. This process includes defining clear goals, organizing data, designing a robust technical architecture, and starting with a focused set of technologies for initial iterations.

The first step is to clearly outline the challenges the prototype will address and identify the processes it will automate or optimize. Since the chatbot will serve as a knowledge center,

it is important to grant access to the relevant teams, to ensure that they can benefit from its functionality.

A well-organized and structured dataset is critical to the chatbot's performance. Relevant data must be collected and prepared in a format that allows for secure and efficient integration into the system.

The prototype should have a modular system design. Components such as data retrieval, processing, and user response should remain separate but interconnected. This modular approach simplifies updates and error recovery and ensures that the system remains scalable and maintainable over time (Castro 2024).

Designing the conversation flow is central to creating a user-friendly chatbot. The chatbot's personality should reflect the company's culture, fostering familiarity and trust among employees. Conversation paths should be mapped out based on typical employee queries, combining guided conversation templates with the flexibility for open-ended questions (Bonilla 2024).

The knowledge base is the backbone of the chatbot's functionality. It requires the collection of data from internal documents, policies, and frequently asked questions (FAQs). This information should be structured into searchable categories and supported by NLP capabilities to interpret and respond accurately to employee queries.

Choosing the right technology is critical to a successful prototype. Platforms such as Dialogflow, IBM Watson, or Microsoft Bot Framework are popular options, but the choice must be aligned with the organization's existing systems to ensure seamless integration.

When building the prototype, it is important to start with a limited set of integrations and technologies. This focused approach allows the team to refine core functionality before expanding capabilities, ensuring that the prototype remains manageable and effective in its early stages.

The big question would be whether Travelstore would prefer to develop this prototype internally with Around Vector or externally for example with LTPlabs. LTPlabs is a consulting firm that specializes in advanced analytics and data-driven solutions designed to improve decision making and business operations. Their expertise includes supply chain management, revenue management, and organizational performance. They use tools such as data science, machine learning, and optimization techniques to deliver customized, impactful results for their clients (LTPlabs n.d.). Finding an answer to this strategic question is of great importance to successfully continue the project.

Group Work

7 Test and Implementation

In Design Thinking, implementation refers to the phase where ideas and solutions generated during earlier stages—such as empathy, define, ideate, and prototype—are integrated to real life situations. The implementation phase emphasizes continuous evaluation, iterative adjustments, and enhancements based on insights gained from user interactions and practical application in real-world scenarios (Interaction Design Foundation 2016). In the following case, we aim to incorporate the internal chatbot within Travelstore's operations to streamline operations, enhance efficiency and user satisfaction.

7.1 Testing and Refining

The initial stage of the implementation phase is to test the chatbot prototype with the intended users. In this case, the primary users will consist of Travelstore's internal teams, including the Online and Offline Teams. It is essential to test the prototype created during the earlier phases of its development to gather user feedback. This iterative testing process will identify any drawbacks in functionality, usability, and accuracy, ensuring that the chatbot delivers a seamless user experience. Furthermore, testing the chatbot in a real context will allow

Travelstore's team to assess the accuracy of responses, its ability to handle complex inquiries and overall user satisfaction. By collecting data on the chatbot's performance, the team can redefine their pain points and make adjustments to improve efficiency.

7.2 Integration and Deployment

Once the prototype is adapted, the next step is to integrate it gradually into Travelstore's existing workflow. Indeed, a critical part of the implementation phase is to ensure that the chatbot is integrated effectively into the organizational ecosystem, without disrupting the ongoing operations. As Ramesh and Delen (2021) argue, effective integration requires aligning the technological solution with existing systems and ensuring that it complements organizational processes.

For Travelstore, the chatbot could be integrated into the company's internal knowledge management systems, including document archives, employee contact lists and policy database. The aim is to enable the team to access data from a variety of internal sources, thereby facilitating their daily tasks, while maintaining a high standard of security and data integrity. Nevertheless, the chatbot should be deployed in stages to allow for the resolution of any technical issues along the way and to ensure its effectiveness in enhancing internal communication within the company.

7.3 Stakeholder Engagement

Another crucial step in the initial stage of implementation is to constantly engage Stakeholders in the process to ensure alignment with organizational goals. As highlighted by Ramesh and Delen (2021), transparent and ongoing communication helps gain stakeholder buy-in, which is crucial for the success of any digital transformation initiative.

Within Travelstore, the key stakeholders include the senior management team, the IT department, and the representatives from the Online and Offline Teams, as they will use the

tool in their daily tasks. Involving these stakeholders from the start is crucial as it will ensure their requirements and concerns are addressed during the chatbot's development.

Furthermore, managers should communicate their support and encourage employees to engage in this initiative. As Carlgren, Rauth, and Elmquist (2016) have demonstrated, Design Thinking challenges the way organization functions, but also their existing power structures. Without management support, the team may not have access to enough resources to perform with the chatbot effectively (Carlgren, Rauth, and Elmquist 2016).

To ensure effective stakeholder engagement, managers at Travelstore should demonstrate their commitment to the chatbot's success by actively participating in testing phases, collaborating in workshops, and recognizing team contributions to the project. Furthermore, regular updates and feedback sessions should be scheduled, and transparency and collaboration encouraged. These sessions will keep stakeholders informed about the project's progress and allow them to provide input on critical decisions, such as design format, integration methods, and technology choices. By using tools like surveys, feedback forms, and collaborative meetings, Travelstore can gather valuable insights to guide refinement and alignment.

7.4 Scalability and Sustainability

As the chatbot is deployed, it is important to ensure that the solution is scalable and sustainable. Scalability refers to the capacity of the chatbot to process an increased amount of data and expand its capabilities in line with growing demand (Atul 2023). Sustainability, on the other hand, ensures that the system remains effective and relevant over time, adapting to organizational need and technological advancements (Maxim 2014).

Research by Brynjolfsson and McAfee (2022) emphasizes the importance of designing solutions that balance innovation with Long-Term growth. To ensure scalability, the chatbot could be designed with a flexible architecture that would allow for easy updates and

development. For example, as new products or services are introduced by Travelstore, the chatbot's knowledge base can be updated in accordance. Furthermore, the chatbot's infrastructure must be capable of supporting increased user traffic without compromising performance or security.

7.5 Continuous Improvement

The final aspect of the implementation phase is continuous improvement. To monitor the performance of the chatbot and ensure that it continues to meet the needs of the user, feedback loops must be established. More precisely, this would require monitoring chatbot interactions, collecting feedback from users and making the iterative adjustments accordingly.

Continuous improvement ensures that the chatbot remains relevant and effective in solving user challenges. Over time, as the chatbot interacts with more users, machine learning algorithms can improve its ability to understand and respond to queries accurately. Additionally, new features can be added to the chatbot based on user feedback and evolving business requirements. This process of refinement should be ongoing to ensure that the chatbot evolves in line with the organization's needs and technological trends.

8 Recommendations: Fostering innovation within Travelstore

Individual Work Franziskus Saurma

8.1 Redefining Corporate Innovation and Culture for Travelstore's Future

8.1.1 Introduction

In today's rapidly evolving business landscape, innovation is essential for companies to remain competitive. Despite its recognized importance, achieving innovation success remains challenging. Studies show that while over 80% of executives rank innovation among their top priorities, only 10% are satisfied with their company's performance in this area (What Is

Innovation? 2022). This highlights a key issue: fostering innovation requires more than technological advancements; it demands a strong and adaptive organizational culture.

This thesis explores how Travelstore can align its innovation efforts with its cultural strengths and operational realities. By examining theoretical frameworks and analyzing Travelstore's current practices, this research aims to provide recommendations tailored to the company's specific challenges. The central question is: How can Travelstore foster a culture of innovation that aligns with its customer-centric approach and resource constraints?

The findings will demonstrate that innovation success is deeply connected to an organization's ability to create an environment where creativity, adaptability, and collaboration thrive. By aligning cultural practices with innovation goals, Travelstore can position itself for sustainable growth in a competitive industry.

8.1.2 Analyzing Innovation, Culture, and Open Innovation at Travelstore

8.1.2.1 Innovation

The concept of creative destruction, as described by Schumpeter, cannot yet be observed in Travelstore's current operations. While the company has established a structured innovation framework led by senior management and supported by its Around Vector technology department, it continues to rely heavily on manual workflows and incremental technology adoption. These limitations hinder the company's ability to achieve transformative innovation. This situation presents an opportunity for Travelstore to refine its innovation strategy by fostering greater agility, cohesion, and alignment with the principles of creative destruction. By embracing integrated technological solutions and proactively driving transformation, the company has the potential to overcome internal barriers and fully unlock its capacity for innovation.

The theoretical foundation of innovation, as introduced by Joseph Schumpeter, provides a useful lens through which Travelstore's challenges and opportunities can be analyzed. In his

seminal work, *The Theory of Economic Development* (1934), Schumpeter defined innovation as encompassing five dimensions: “the introduction of a new good [...], the introduction of a new method of production [...], the opening of a new market [...], the conquest of a new source of supply of raw materials or half-manufactured goods [...], the carrying out of the new organization of any industry” (Baumol, 1996). These innovations often drive economic growth through "creative destruction," where outdated practices and technologies are replaced, fostering differentiation and long-term success (Tülüce and Yurtkur, 2015).

Applying these insights to Travelstore suggests that the company could benefit from adopting a more Schumpeterian approach to innovation. By shifting its focus from incremental improvements to transformative changes that align with Schumpeter's dimensions of innovation, Travelstore can better position itself to navigate industry challenges and achieve sustainable growth.

Travelstore has showcased its potential for technological innovation through the development of TMC Flow, a proprietary platform that is not only utilized internally but also marketed to competitors, underscoring the company’s technological expertise. However, this success is overshadowed by inefficiencies in critical operations, particularly in booking, invoicing, and reporting processes. According to Implementation Manager Martina Silva and Team Leader Sandra Santos, these processes rely heavily on manual efforts, despite the implementation of hybrid online-offline systems. These inefficiencies slow down service delivery and divert resources away from strategic innovation, highlighting the need for a more integrated and efficient approach.

The importance of innovation for organizations cannot be overstated in today’s rapidly changing business environment. As markets evolve, innovation provides companies with the adaptability needed to address emerging challenges and seize opportunities (Boyles, 2022). Schumpeter’s foundational insights emphasize innovation as a driver of growth, with new

products, services, and processes enabling organizations to differentiate themselves, create new revenue streams, and secure long-term success.

However, achieving innovation requires balancing exploration and exploitation, as outlined by March (1991) and elaborated by Osterwalder et al. (2020). At Travelstore, there is a noticeable imbalance, with a stronger focus on exploitation optimizing existing processes for short-term gains than on exploration, which involves riskier, long-term innovation. This reflects a common challenge for organizations, which often prioritize exploitation over exploration due to its measurable benefits, such as increased efficiency, reduced costs, and stable revenues, aligning with immediate operational goals (Lavie, Stettner, and Tushman, 2010). Yet, this short-term focus comes at the expense of experimentation and adaptability, as evidenced by Travelstore's reliance on manual workflows and superficial use of AI tools like ChatGPT. These efforts fail to address deeper operational bottlenecks or foster transformative innovation.

Interviews at Travelstore revealed aspirations to implement AI-powered chatbots and fully automated booking systems, demonstrating the company's recognition of the need for exploration. However, the gap between these ambitions and the current reliance on exploitation highlights the importance of achieving ambidexterity a strategic balance where both approaches coexist. Exploration, through experimenting with new technologies and business models, drives adaptability and future growth, while exploitation ensures operational stability. To bridge this gap, Travelstore must reallocate resources to not only optimize workflows but also accelerate exploratory initiatives. This approach would enhance efficiency, address operational challenges, and position Travelstore as an innovator in the travel industry.

8.1.2.2 Culture

An innovation-driven culture, as emphasized by Osterwalder et al. (2020), enables organizations to adapt to dynamic markets by encouraging experimentation and challenging the status quo. This adaptability is critical for remaining competitive in environments defined by

constant change. Travelstore's initiatives, such as financial incentives and "Happy Fridays" which allow employees to take a day off during low-activity periods without using vacation time, are contribute to a positive work environment but could be more directly aligned with innovation outcomes. For example, linking rewards to employee contributions toward creativity and problem-solving could further embed a culture of innovation (Saraiva 2024). A culture that supports calculated risk-taking and fosters alignment with organizational goals not only enhances employee engagement but also strengthens collaboration and overall productivity.

Travelstore's customer-centric approach is a clear strength, emphasizing personalized service and commitment to client satisfaction. However, this strategy places significant demands on staff, underscoring the need for better workload management and operational support to maintain high service standards without overburdening employees (Fernandes 2024; Saraiva 2024). This aligns with Osterwalder et al. (2015), who stress that designing services with the end user in mind enhances customer satisfaction and loyalty while fostering stronger customer relationships.

While collaboration across departments is a key feature of Travelstore's culture, there is room for improvement. Frequent communication between teams could be streamlined with better workflows and integration to maximize efficiency and encourage cross-functional innovation (Santos 2024; Silva 2024). Addressing these gaps would not only support operational agility but also create a more cohesive organizational structure.

As described in the Strategyzer series, company culture encompasses the collective values, beliefs, behaviors, and practices shaping how work is done. It is reflected not just in mission statements but in daily decision-making and interactions among employees and stakeholders (Osterwalder et al., 2020). A strong culture serves as a guiding framework, enabling organizations to navigate uncertainty, align on strategic goals, and foster a sense of belonging among employees. For Travelstore, this framework could help balance exploration

and exploitation (Osterwalder et al., 2020). Achieving this balance would ensure operational excellence while supporting innovative growth, enabling Travelstore to address both internal and external challenges effectively.

8.1.2.3 Open Innovation

The partnership with American Express (AMEX) provides Travelstore with a strategic edge by offering insights into industry trends and promoting efficiency-driven solutions. As Sergio Saraiva, Director of the Management Control Department, highlighted, “AMEX often pushes us to adopt new solutions for efficiency and offers a lens into market trends.” However, while this external influence is valuable, it has not yet translated into significant internal transformation. This raises questions about Travelstore's capacity to independently drive innovation and effectively leverage external collaborations.

This challenge underscores the relevance of open innovation, a transformative approach that addresses the limitations of traditional closed innovation models. Unlike closed innovation, which relies solely on internal expertise, open innovation acknowledges that valuable ideas and solutions can originate both within and outside an organization. This paradigm shift is particularly critical in today's interconnected business landscape, where collaboration and adaptability are key drivers of success (Curley, 2015; Bogers, Chesbrough, and Moedas, 2018). Travelstore's relationship with AMEX demonstrates an example of open innovation in action, but the lack of significant internal change suggests that the company has yet to fully embrace the cultural and structural shifts required to harness its potential.

Open innovation offers organizations the ability to tap into a diverse pool of expertise to address complex challenges more effectively. By involving external stakeholders such as startups, universities, customers, and even competitors, companies can access a broader range of ideas, reduce costs, and accelerate the time-to-market for new products and services (Bigliardi et al., 2021; Osterwalder et al., 2020). However, for organizations like Travelstore to

maximize these benefits, open innovation must be supported by an internal culture that values openness, experimentation, and adaptability. Without this foundation, external collaborations risk being underutilized due to internal resistance or misalignment with established processes (Bigliardi et al., 2021).

To fully unlock the potential of open innovation, companies must implement several key practices. First, they should establish permeable boundaries that enable the deliberate inflow and outflow of knowledge, ensuring that ideas move seamlessly across organizational lines (Bigliardi et al., 2021). Second, fostering collaborative networks is essential, as working with diverse partners—suppliers, customers, universities, and competitors—can significantly enhance innovation potential and streamline processes (Osterwalder et al., 2020). Travelstore's partnership with AMEX could be expanded into such a collaborative network, enabling deeper integration of external insights into its operational and strategic frameworks. Third, organizations should adopt distributed innovation processes to manage knowledge flow strategically and spread innovation risks across multiple participants. This approach not only mitigates the burden of potential failures but also allows companies to pursue more ambitious projects (Bogers, Chesbrough, and Moedas, 2018).

While Travelstore has made strides in leveraging its partnership with AMEX, the lack of substantial internal transformation highlights the importance of aligning external collaboration with internal cultural and structural readiness. By embracing open innovation principles and fostering an internal culture that supports change and experimentation, Travelstore can transition from incremental improvements to transformative growth, leveraging both internal and external resources to maintain competitiveness in a dynamic market.

8.1.2.4 Review of Organizations with Successful Innovation Strategy Implementations

An insightful example of how an innovative culture within an organization can drive business model innovation is the Accelerator Program. Bosch is a German multinational

engineering and technology company with more than 400,000 associates worldwide. The company operates in four core areas: Mobility Solutions, Consumer Goods, Industrial Technology, and Energy and Building Technology. They have a long history of innovation, including diesel injection pumps and ABS.

In 2015, the company established the Business Model Innovation department to complement its existing research and development efforts. The goal of this department was to promote an ecosystem for exploring and scaling new business models. At the core of this initiative is the Bosch Accelerator Program. Its goal is to systematically test and develop innovative business ideas.

The program's first step is the selection of 20 to 25 teams from around the world. Each team will receive initial funding of €120,000. They will also have two months to test the scalability of their business model. Successful teams can secure additional funding of up to €300,000 in the second phase of the program. This will enable them to test a minimum viable product with real customers. Only the most promising projects will move on to the incubation phase.

Bosch has invested in more than 200 teams through this program between 2017 and 2019. Although 70% of the projects dropped out after the first phase and another 75% of the remaining teams dropped out after the second phase, 15 teams were able to successfully scale their business models with follow-on funding. The program is now a global standard for all Bosch locations in Europe, Asia, and the Americas, demonstrating how a structured, rapid, and cost-effective approach to innovation can lead to transformative results (Osterwalder et al. 2020).

8.1.3 SWOT Analysis for Travelstore

The interviews with Travelstore employees provided valuable insights into their innovation and cultural practices. To structure and evaluate these findings effectively, a SWOT

(Strengths, Weaknesses, Opportunities, Threats) analysis was conducted. This approach allows for a clear examination of both positive and negative aspects, as well as internal and external factors influencing these practices.

As illustrated in [Appendix 3](#), each quadrant of the SWOT analysis contains four key points. However, this analysis focuses on two most relevant points per quadrant to provide a more concise and in-depth perspective. By narrowing the scope, the analysis aims to deliver clearer and more actionable insights on Travelstore's innovation and cultural practices.

Strengths

- **Commitment to Innovation:** Travelstore has initiated various innovation projects, including AI exploration and proprietary platforms like TMC Flow, demonstrating a clear focus on technological advancement.
- **Customer-Centric Culture:** A strong focus on personalized service builds client loyalty, a competitive advantage in the business travel industry.

Weaknesses

- **Limited AI Integration:** Current AI usage is minimal, with applications largely confined to basic tasks like email drafting. This limits the potential for efficiency gains in critical areas such as customer service and booking automation.
- **Slow Implementation of Innovation:** High customization needs and reliance on manual processes result in slow adoption of new technologies, which could hinder operational efficiency and responsiveness.

Opportunities

- **Expansion of AI Capabilities:** By leveraging AI tools for more advanced functions, such as chatbots and automated reporting, Travelstore can significantly enhance efficiency and customer satisfaction.

- **Market Differentiation through Innovation:** Offering unique services, such as automated travel management tools, positions Travelstore as a forward-thinking player in the competitive travel industry.

Threats

- **Technological Lag:** Failure to quickly adopt and integrate new technologies could result in falling behind competitors who are more agile and have greater technological skills.
- **Change Resistance:** Organizational resistance to adopting new systems or processes could slow the progress of cultural and technological advancements.

Travelstore has a solid foundation in innovation and collaboration, but to fully capitalize on its strengths and opportunities, it must address its weaknesses, particularly in AI integration and innovation speed. By doing so, the company can enhance its competitive position and ensure long-term growth in a challenging industry.

8.1.4 Recommendations

Understanding the importance of culture and innovation and seeing the status quo of Travelstore it is important to introduce measures for improving their current position. This section will provide three recommendations that will help improve Travelstore's innovation environment but also improve cultural awareness. The first recommendation will provide a structural approach for implementing innovation deeper in Travelstore. The second recommendation is focused on creating innovation within Travelstore by also including the outside perspectives. The third recommendation focuses on how to create and sustain a culture within Travelstore.

8.1.4.1 Creating a Dedicated Innovation Team

To foster a structured approach to innovation, Travelstore should establish a Dedicated Innovation Team. This team would focus on exploring and implementing innovative solutions while ensuring the company's core operations remain stable.

Research highlights that only 10% of executives who prioritize innovation are satisfied with their company's progress (What Is Innovation? 2022). Osterwalder et al. (2020) emphasize that creating a dedicated innovation team led by a Chief Entrepreneur can significantly enhance a company's ability to innovate effectively. This model separates the exploration of new business models and value propositions from day-to-day operations, allowing organizations to experiment while maintaining operational stability.

For Travelstore, this approach is particularly relevant given its ambition to integrate advanced technologies like AI and automate booking systems. The current reliance on manual workflows and incremental technology adoption slows progress. Establishing a dedicated innovation team can provide the focus and resources necessary to address these challenges, ensuring that innovation efforts are not diluted by day-to-day operational demands.

Travelstore's innovation team should consist of the following roles, each addressing specific needs. The Chief Entrepreneur leads the team, overseeing innovation projects and aligning them with Travelstore's vision, focusing on breakthrough innovations like fully automated booking workflows (Osterwalder et al. 2020). The Chief Portfolio Manager balances exploratory and exploitative projects, prioritizing initiatives like AI-enhanced customer tools and ensuring strategic resource allocation. The Chief Venture Capitalist manages funding for high-potential projects, securing investments for proprietary AI tools or integrating external innovations like open APIs. The Chief Risk Officer identifies and mitigates risks, addressing concerns like data security and compliance in new technologies. The Chief Internal Ambassador bridges the innovation team and core operations, ensuring smooth integration of outcomes into workflows and customer service. The Entrepreneurs Execute projects such as AI-driven reporting systems or streamlined supplier communication platforms.

To implement a structure like this Travelstore would assign in the short-term interim roles from existing leadership to act as Chief Entrepreneur, Portfolio Manager, and Internal

Ambassador, reducing the need for immediate new hires. Furthermore, it would then define key objectives by prioritizing high-impact projects, such as implementing AI-powered customer service. KPIs, such as the number of pilot projects launched, or the time saved in operational workflows must be set. In medium-term Travelstore should allocate resources by dedicating funding for a single pilot project (e.g., automating a key part of the booking process). In the long-term they would scale successful initiatives and refine team roles as needed.

8.1.4.2 Hackathon

Travelstore should organize hackathons as a structured method to explore innovative ideas both internally and externally, fostering collaboration and creative problem-solving.

Hackathons are events where diverse teams collaborate intensively to generate, prototype, and pitch solutions to specific challenges. Research shows they are particularly effective for early-stage innovation and cross-functional collaboration (Flores et al., 2018). Their time-limited, goal-oriented structure drives creativity and accelerates idea development.

Travelstore's current challenges, such as slow innovation adoption and heavy reliance on manual processes, could benefit from the fresh perspectives and rapid ideation that hackathons bring. These events would allow employees, partners, and even external collaborators to address specific pain points, such as automating booking workflows. To implement hackathons effectively, Travelstore must first do a Pre-Hackathon Planning. There they define clear goals, such as improving process efficiency or generating ideas for AI integration. Assemble diverse teams from within the organization and invite external participants like suppliers or industry experts. Second, they must focus on the Execution. Travelstore must use the Design Thinking framework to guide participants through ideation, prototyping, and presenting solutions. Lastly, and very important the Post-Hackathon Evaluation. There they assess the feasibility of the ideas generated and create a pipeline for piloting and scaling the most promising solutions.

In the short-term Travelstore should start with an internal hackathon focused on a specific operational challenge, such as the heavy reliance on manual processes. In the medium-term they should expand future hackathons to include external participants, leveraging diverse perspectives to tackle broader innovation goals. Lastly in the long-term, they should allocate resources for piloting winning ideas to maintain momentum and demonstrate results.

Despite the positive impact a Hackathon could have on Travelstore, employees may feel overwhelmed or disengaged, and time-limited events might result in incomplete solutions. Generated ideas could lack feasibility or alignment with Travelstore's strategic goal.

8.1.4.3 A Culture Map

Travelstore should adopt a Culture Map to identify and address cultural enablers and barriers that influence its innovation efforts.

A Culture Map is a tool for assessing organizational culture by mapping enablers, blockers, desired behaviors, and outcomes. Osterwalder et al. (2020) emphasize that this approach provides actionable insights for creating a culture that supports innovation by aligning employee behaviors with strategic goals.

Travelstore's culture, while collaborative and customer-centric, faces challenges like resistance to change and inconsistent scaling of employee ideas. A Culture Map would help visualize these dynamics, enabling Travelstore to foster behaviors that encourage creativity and adaptability while addressing blockers like siloed communication and fear of failure.

To effectively implement a Culture Map, Travelstore should first Identify Behaviors to collect data on current behaviors related to innovation, such as idea-sharing or risk-taking. Ensure both positive and negative behaviors are mapped. Second Analyze Outcomes to evaluate how these Behaviors impact innovation efforts, highlighting successes (e.g., TMC Flow platform development) and gaps (e.g., slow AI adoption). Third, to Address Enablers and Blockers to strengthen Enablers like employee empowerment and mitigate Blockers like

excessive workload or resistance to new systems. Lastly, to Define the Desired Culture to outline specific actions and attitudes that align with Travelstore's innovation goals, such as fostering cross-department collaboration or prioritizing experimentation. To gain a better understanding this process [Appendix 4](#) illustrate this process.

For a successful implementation Travelstore should conduct in the short-term workshops with employees to gather insights for the Culture Map. Then use the findings to create a tailored cultural strategy, including targeted training and leadership initiatives. In the medium-term, Travelstore must regularly review and update the map to ensure alignment with its evolving goals.

By leveraging A Culture Map, Travelstore can build a cohesive, adaptive culture that supports innovation and operational excellence.

8.1.5 Conclusion

To conclude, this research emphasizes the vital interplay between innovation and organizational culture in navigating today's competitive business landscape. Innovation has evolved beyond a mere strategic priority; it is a fundamental pillar for sustaining growth and differentiation. Yet, as evidenced by the disparity between executives' ambitions and their satisfaction with innovation outcomes, realizing this potential remains a significant challenge.

This reserach underscores that true innovation success is rooted not only in adopting advanced technologies but in fostering a culture that enables creativity, collaboration, and calculated risk-taking. By analyzing structured innovation frameworks, the principles of open innovation, and the cultural dynamics that drive adaptability, it becomes clear that an organization's culture is both a catalyst and a constraint for innovation.

For companies like Travelstore, aligning cultural practices with strategic innovation objectives is essential. The insights from this research reveal that fostering innovation is not an isolated effort but a comprehensive approach that integrates internal strengths with external

opportunities. Structured initiatives, such as establishing dedicated innovation teams and implementing collaborative platforms like hackathons, are critical steps toward achieving this alignment.

The adoption of a Culture Map is equally pivotal in this journey. By visualizing the enablers, blockers, desired behaviors, and outcomes, the Culture Map provides actionable insights into the underlying cultural dynamics that shape an organization's innovation potential. For Travelstore, this tool serves as a roadmap to fostering a culture of adaptability, creativity, and strategic alignment, ensuring that innovation efforts are grounded in a supportive organizational context.

Ultimately, sustainable innovation success demands a balance of exploration and exploitation, supported by a culture that champions agility and forward-thinking. Organizations that prioritize these elements, including leveraging tools like the Culture Map, will be better equipped to transform their innovation aspirations into tangible, long-term outcomes, ensuring resilience and relevance in a constantly evolving market.

Group Work

9 Limitations

This study focused on Travelstore's active exploration of incorporating AI technology into its operations, with a particular emphasis on implementing an internal chatbot. To provide a comprehensive analysis, our research examined three key topics in depth: corporate innovation and culture, external communication and Brand Positioning and Digital Transformation and its strategic importance.

While the study provided valuable insights into these areas, several limitations must be acknowledged to ensure a balanced and transparent perspective on the findings. Nevertheless, these limitations also present opportunities for further research to expand on its findings and explore areas that were beyond the scope of this study.

The primary data for this study was collected through interviews with five individuals within the company. While these interviews provided valuable insights, the small sample size limits the range and depth of perspectives represented. As a result, the findings may not fully capture the diversity of experiences within the organization.

The interviews were conducted exclusively with Travelstore employees. As a result, we cannot fully guarantee the objectivity of the findings. It remains unclear whether the employees were completely truthful or whether they withheld information to avoid compromising Travelstore in any way.

The limited timeframe restricted the depth of our interactions with Travelstore's team and the opportunity to observe their practices in real-time. Additionally, our findings may reflect only a limited perspective of their ongoing operations.

Moreover, this study focused solely on the perspective of Travelstore's internal stakeholders. While this approach aimed to provide a detailed view of internal operations, it excluded the perspectives of external stakeholders, such as customers, business partners, and suppliers. Including these perspectives would have offered a more balanced understanding of Travelstore's strengths and weaknesses, as well as its position within the industry.

Finally, while sustainability is a critical aspect of modern business practices, this thesis did not explore it in depth. The complexity and scope of sustainability within the industry, which was emphasized by José Luis Cardoso in the initial phase of our thesis, made it too extensive to address comprehensively within the scope of this master thesis.

Group Work

10 Conclusions

This thesis has explored how Travelstore can redefine its operations and strategically position itself for future success in the evolving corporate travel landscape. By leveraging the

Design Thinking methodology, the research has identified actionable solutions tailored to address critical internal challenges and align with emerging industry trends.

The application of Design Thinking provided a structured framework to Empathize with stakeholders, Define core challenges, Ideate transformative solutions, and develop a plan to Prototype, Test and Implement these ideas. This process underscored the value of a human-centric approach, enabling the development of innovative tools such as an internal AI-powered chatbot that simplifies workflows and fosters operational efficiency. These efforts lay the groundwork for a culture of continuous improvement and adaptability.

The research highlights that sustainable success requires more than technology adoption. It requires cultivating an organizational culture that embraces creativity, collaboration, and adaptability. Structured initiatives such as dedicated innovation teams, hackathons, and ongoing employee training are critical to ensuring that innovation is embedded in the company's DNA. In addition, balancing technological advances with cultural change will enable Travelstore to overcome challenges such as resistance to change and operational bottlenecks.

The analysis also underscores the importance of external communications and brand positioning in strengthening Travelstore's competitive advantage. By leveraging AI tools to optimize social media, increase web visibility and personalize customer interactions, the company can strengthen its market presence and build lasting relationships with customers. In addition, by implementing innovative brand experiences, such as virtual reality tours, Travelstore can differentiate itself from competitors while demonstrating its commitment to innovation.

Looking ahead, Travelstore's digital transformation roadmap must focus on short-term initiatives such as employee training and internal chatbot deployment, mid-term goals such as increased web visibility and consistent communication strategies, and long-term goals such as

AI-powered immersive branding experiences. Success will depend on continuous performance evaluation using key metrics such as customer satisfaction scores and ROI from AI-driven campaigns.

Ultimately, this thesis concludes that by aligning technology integration with a strong culture of innovation and customer focus, Travelstore can achieve long-term growth while setting new benchmarks in the corporate travel industry. Its commitment to leveraging AI not only ensures operational efficiency but also establishes Travelstore as a forward-thinking leader in a rapidly evolving industry.

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Appendix

Appendix 1 - Competitor's analysis B2C and B2B firms

B2C Travel agencies							
Nr.	Name	Est.	Description	HQ	Website	Advantage	Extra
1	Evan eos	2005	Tailor made travel with a strong focus on providing the best possible experience with sustainability in mind.	Paris, France	https://www.evan eos.com/	Strong focus on creating a sustainable travel experience	through a marketplace, connecting travelers directly with a meticulously selected and constantly evaluated community of expert local agents around the world
2	Secret Escapes	2011	Secret Escapes is an exclusive, members-only travel club offering discounted rates on luxury hotels and vacations. It specializes in curating high-end vacation deals, often with discounts of up to 70% off standard rates.	London, UK	https://www.secretescapes.com/	They focus on luxury travel at discounted prices	
3	Black Tomato	2005	Black Tomato is a luxury travel company specializing in customized, bespoke experiences for the discerning traveler. The company focuses on creating unique, often once-in-a-lifetime travel experiences that are specifically tailored to each client's desires.	London, UK	https://www.blacktomato.com/	Highly personalized service and creative travel experiences	
4	Responsible Travel	2001	Responsible Travel is an eco-conscious travel platform focused on promoting sustainable tourism.	Brighton, UK	https://www.responsibletravel.com/	Strong focus on sustainability and responsible tourism.	
5	Wanderu	2012	Wanderu is a travel booking platform that allows users to compare and book bus, train and air tickets across North America and Europe. It focuses on providing travelers with easy access to ground transportation options in addition to flights.	Boston, USA	https://www.wanderu.com/	Strength in Ground Transportation Offerings	
6	TourRadar	2010	TourRadar is an online marketplace that connects travelers with a wide range of guided tours from operators worldwide. It offers multi-day tours for a variety of interests including adventure, cultural exploration and eco-tourism.	Vienna, Austria	https://www.tourradar.com/	Wide selection of guided tours and the ability to compare multiple tour operators	

B2B Travel agencies							
Nr.	Name	Est.	Description	HQ	Website	Advantage	Extra
1	Lanes & Planes	2016	Lanes & Planes streamlines business travel and expense management processes with an end-to-end solution.	Munich, Germany	https://www.lanes-planes.com/	All-in-One Platform,	Region DACH, person books their own flights but has everything in one place.
2	Travel Perk		everyone in your organization. They offer an all-in-one platform for booking travel, simple reporting tools where the user stays in control of spending, integrated travel policies for better compliance, and 24/7	Barcelona, Spain	https://www.travelperk.com/	flexible travel that guarantees 80% money back if canceled 2 hours in advance, real-time expense reporting, offset carbon footprint.	
3	AMEX GBT Egenica	2022	Egenica is a corporate travel management company positioned to help manage travel risk, support traveler well-being and maximize the ROI of customers corporate travel program. They are bought by of AMEX (Global Business Trav) GBT in 2021.	Bellevue, Washington, U	https://www.egenica.de/en		
4	American Express Global Business Travel	2013	American Express Global Business Travel is a multinational travel and meetings program management company headquartered in New Jersey, USA. They serve markets all over the world. One of the largest business travel agencies in the world.	Jersey City, New Jersey,	https://www.amexglobalbusinesstravel.com/d/e/	High market share	
5	BCD Travel		It's a traditional corporate travel agency that offers travel solutions through an agent and online booking tools, depending on the size of the client.	Utrecht, Netherlands	https://www.bcdtravel.com/		Netherlands
6	Travel Bank		TravelBank is a global corporate expense and business travel company that provides an end-to-end solution to make travel easier. They developed a mobile solution first, knowing that the majority of their users would be business people on the road.	Daly City, California, US	https://travelbank.com/	- All-in-one platform that includes travel data, travel expenses, and travel management services	
7	Corporate Travel Management (CTM) Travel	1994	Traditional travel management company with over 30 years of experience. This TMC offers a range of services from corporate event management to leisure travel services.	Brisbane, Queensland, A	https://www.travelctm.com/global/		
8	Navan (TripActions)	2015	Online travel and expense management tool that provides clients with regional inventory and local language support.	Palo Alto, California, US	https://navan.com	Travel reporting, 24/7 support, and automated expense management	
9	Swifty	2023	Swifty is a business travel management platform focused on automating corporate travel bookings. It simplifies the travel process through AI-driven technology, helping companies manage flights, hotels and other travel-related services.		https://www.swifty.so/	The main advantage lies in its automation and speed.	

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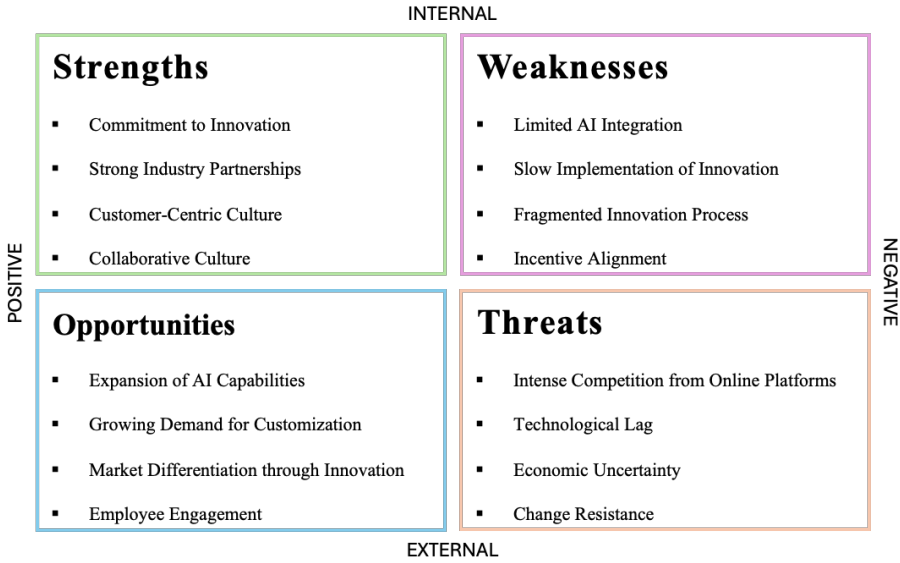
Appendix 2- Office Interview questions & Insights

Category	Questions
Role and Responsibilities	1. What is your role at Travelstore, and what are your key responsibilities and objectives? 2. How many people are on your team, and what are their specific roles and responsibilities? 3. Can you walk us through a typical interaction with a customer or client? 4. How do you measure success in your role or within your team?
Operations and Workflow	5. Can you describe a typical workflow for processing a travel booking? 6. How do you manage and prioritize multiple bookings or tasks simultaneously? 7. What are the main challenges you face in your daily operations? 8. Which software systems or tools do you use most frequently in your role? 9. Are there any manual processes you think could be automated or improved?
Customer Relationship Management	10. What strategies do you use to build and maintain strong customer relationships? 11. How do you segment your customer base to manage relationships effectively? 12. How do you gather and address customer feedback or complaints? 13. How important is it for customers to stay in contact with one specific person for their bookings?
Interdepartmental Collaboration	14. How do you collaborate with other departments, such as finance, sales, or customer service? 15. What communication tools (e.g., email, phone, chat) do you use to interact with colleagues, clients, and suppliers?
Process Improvement and Tools	16. Are there automation tools in place to streamline tasks and improve efficiency? 17. What reporting tools do you use to track performance and generate reports? 18. What are the most challenging tasks you and your team face daily?
Brand and Customer Experience	19. What do you consider to be TravelStore's key strengths and unique selling propositions (USPs)? 20. What are the main challenges or weaknesses TravelStore faces in terms of brand perception or customer experience? 21. What feedback have you received from clients about TravelStore's strengths and areas for improvement? 22. What features or tools are missing that could improve customer experience?
Innovation and Development	23. How does TravelStore encourage innovation and creative problem-solving among employees? 24. Are there any specific initiatives or projects in place to improve customer experience or operational efficiency? 25. How does TravelStore foster employee development, encourage skill-building, and recognize contributions?

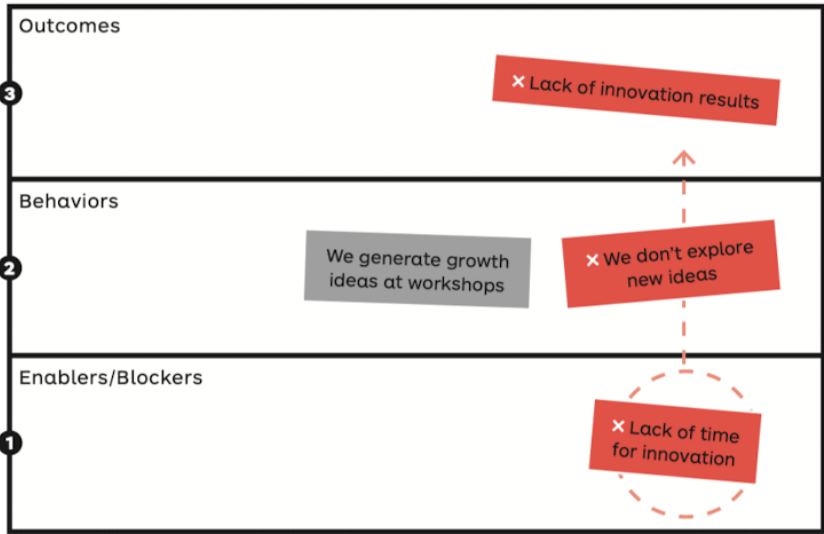
CATEGORY	MAIN INSIGHTS
INNOVATION CULTURE	<ul style="list-style-type: none"> - Open environment with direct communication. - Leadership actively seeks new ideas but slow implementation due to competing priorities. - Innovation ideas often come from team feedback sessions. - Historical focus on being industry leaders in Portugal.
INNOVATION PRACTICES	<ul style="list-style-type: none"> - Need for better integration of tools (e.g., GDS, PNR, invoicing systems). - Manual processes like prepayments, reporting, and credit card handling create bottlenecks. - Sergio (Director) and Frederico (CEO) drive approval and implementation of ideas.
CHALLENGES	<ul style="list-style-type: none"> - High workload during peak months (May, October). - Manual handling of diverse payment processes (invoices, virtual cards, bank transfers). - Customization of client solutions take time. - Limited automation in reporting and data integration.
OPPORTUNITIES	<ul style="list-style-type: none"> - Automating repetitive processes (e.g., payment handling, reporting). - Enhancing self-booking tools for clients. - Introducing hybrid tools combining human service with automation. - Streamlining client onboarding processes.
DAILY OPERATIONS	<ul style="list-style-type: none"> - Task prioritization based on client urgency. - Collaborative team environment with shared objectives. - Heavy reliance on email and manual interventions. - Need for better tools to handle diverse client requirements.
TECHNOLOGY INTEGRATION	<ul style="list-style-type: none"> - Limited integration between systems like CRM, GDS, and payment platforms. - Challenges with implementing train services on self-booking tools. - Clients increasingly prefer online booking but demand hybrid solutions.
TEAM ROLES AND DYNAMICS	<ul style="list-style-type: none"> - Online and offline teams handle different aspects of bookings. - Need strong collaboration within teams and with management. - Human resources support needed for system updates and traveler profiles.
CUSTOMER PERSPECTIVE	<ul style="list-style-type: none"> - Client's value personalized support. - Desire for streamlined, secure payment methods. - Reports (e.g., CO2, trip details) are often customized but time-consuming to prepare.
OPEN INNOVATION	<ul style="list-style-type: none"> - Leadership openness to new ideas, but no structured external collaborations mentioned. - Incremental innovation driven by internal feedback rather than external crowdsourcing.

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Appendix 3- SWOT Analysis of Travelstore current Innovation and Culture Status



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Culture Map Osterwalder, Alexander, Yves Pigneur, Alan Smith, and Frederic Etienne. *The invincible company: how to constantly reinvent your organization with inspiration from the world's best business models*. Vol. 4. John Wiley & Sons, 2020.

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