

The potential gains of codesharing and interlining have even persuaded Southwest Airlines to link up with other carriers.

Sell-More-Seats offers e-tickets in a 100% web-based system that is a thin-client application, rather than a website that must reload pages.

Romania's Blue Air, Atlantic Airlines in Honduras and Danish Air Transport are just a few of the 25 carriers already using Sell-More-Seats. Four formerly ticketless airlines, including Blue Air, used it to convert to e-tickets, and three regionals use it to interline e-tickets. The system sells ancillary products such as insurance and hotels, and WorldTicket is working on enabling it to charge extra for special seating.

WorldTicket offers another advantage to small airlines. GDSs can take a while to link up with small carriers, but Melitsoe's firm has partnered with Amadeus, reserving slots for connecting five to seven Sell-More-Seats users to the GDS each quarter.

Navitaire goes live at Azul Brazilian Airlines and Avianova during this quarter, and the LFA specialist has signed up two more Asian customers. Navitaire is migrating current customers to enhanced versions of its tools. About 20 airlines use New Skies for reservations, and Navitaire has launched New Skies 2, "a huge leap forward in the distribution function", according to Raelynn Sink, leader of reservations and passenger services. Half of New Skies users are on version 2 now, and the rest are expected to switch.

Carriers are upgrading for several reasons. WestJet is chiefly seeking broader connections, whereas Spirit wants to reap ancillary revenue. "Fees are getting interesting, in terms of both how and where airlines charge them," Sink

observes. "They want to tailor how they charge them." Other carriers focus on corporate travellers or adding loyalty programmes.

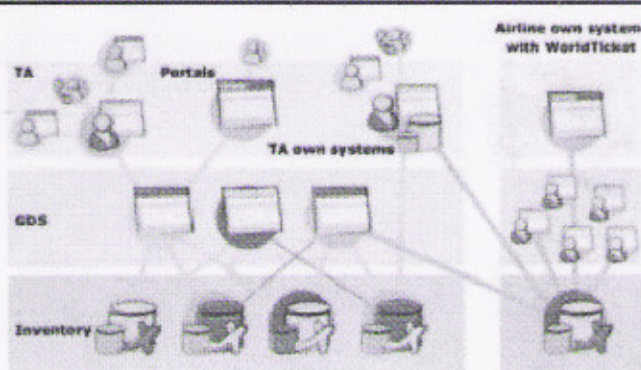
Ancillary opportunities continue to expand. Airlines that have touring affiliates, like Monarch, look for internal synergies in adding extra revenue. Independent carriers are more cautious, seeking simplicity and quick returns in ancillary sales.

LFAs are also connecting directly to GDSs through application programming interfaces (APIs). These give travel agents real-time, interactive access to carrier inventory, fares and additional fees. "There is no middleman involved, and GDSs like to see fares and all fees bundled together," Sink notes. Travel agents also want to see all fees, for baggage and payment methods, when booking.

STAYING TICKETLESS

Ticketless, e-tickets, interlining and codesharing are available on New Skies 2. Next, Navitaire will roll out its new departure control system (DCS) in early 2009. The new DCS will establish a retail and guest-recognition environment for check-in agents. In late 2009, it should also work for airport staff, such as ground handlers, who are important at many LFA destinations.

Transavia became the third airline to use an API to connect directly with Amadeus. This Ticketless Access program gives LFAs that are ticketless all the functions they need, according to Jesper Söderström, head of Amadeus's low-cost carrier business unit. "If the airline needs to modify bookings, sell ancillary products or charge extra for speedy boarding, like easyJet, we supply that."



WorldTicket's schematic of the market system structure.

Ticketless carriers can therefore sell their website products through the GDS. Non-airline products like hotels and car rentals can still be handled by travel agents. Ticketless Access helps LFAs that want to stay ticketless and avoid pushing out information, which has been especially important to LFAs that use Navitaire's New Skies.

Under Ticketless Access, airlines file schedules with the Official Airline Guide (OAG). Amadeus gets fares, fees and availability directly from the carrier via API.

Developing APIs to do this for each customer has taken substantial time. Amadeus is developing a standardised Ticketless Access, which tells airlines how to code software, and which Söderström predicts will be much quicker and easier. He hopes at least one carrier will use it by the end of 2008. Then Amadeus can install Ticketless Access with several airlines simultaneously and make it economical for smaller carriers.

Amadeus is also enhancing Ticketless Access so that agents can search for the lowest available fare on each route. Direct searches for availability have put stress on airline systems; Amadeus is testing ways to search more practically.

Ticketless LFAs can now do one-way agreements under which their major partner (or partners) sells standard e-tickets, and passes these to the LFA. For an LFA to sell travel on the partner's flights, it is necessary to combine ticketless and e-ticket systems, which is more difficult than the one-way approach, especially when service is interrupted or bookings change. Amadeus and other GDSs are working on an integrated solution to this challenge.

Radixx continues to expand connections to GDSs to support hybrid LFAs, according to CEO Ron Peri. The system is now live at →

BA's OpenSkies, and has been selected by Bahrain Air, Spirit of Manila Airlines and Mongolia's Ezris Airways.

Radixx supports interlined e-tickets for a carrier's codeshare partners and will eventually support e-tickets on all GDSs. Peri expects to announce connections to e-ticket hubs, probably two, in the near future.

But Radixx is also enhancing options for bypassing GDSs. More than 100,000 travel agents now connect directly to Radixx, and this non-traditional channel saves costs and expedites cash payment. Radixx can also accept different payments for one purchase. "We can accept any combination of payments – in any form and from any sources – and are somewhat unique in that," Peri notes.

Some carriers include extra online booking fees – in India, for example. But this practice is not allowed in other markets where all transport costs must be bundled in displayed fares. The EU will require fees, charges, surcharges and taxes to be displayed on offered fares.

The next step is maximising transport revenue plus net ancillary revenue per seat. Peri has some ideas on how this can be done, but it is still important that ancillary efforts do not disrupt bookings and lose

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REJECTING ONLY THE BAD RISKS

Transavia and online UK travel agent CostJet have joined the Ethoca network of more than 50 firms that are attempting to cut out fraud, while minimising the rejection of creditworthy customers. Two top-ten global carriers are expected to join Ethoca soon, according to CEO Andre Edelbrock. Ethoca started recruiting members about 18 months ago, in the gaming and retail sectors, and now does about two-thirds of its business in the UK, with one-third in the US. It is entering the travel sector aggressively, starting with airlines.

Ethoca members share information on customers they have rejected and accepted. This enables Ethoca to score each potential purchaser from 0 to 1,000 as a credit risk and supply a recommendation to accept or reject a booking according to each airline's own, specified criteria.

Fraud accounts for 0.25%-1.00% of many merchants' purchases, Edelbrock estimates. But if merchants set fraud criteria too tight, they can lose a much bigger slice of business, an especially important consideration for today's hard-pressed airlines. So Ethoca uses all of the information available from its members to rate each risk.

Members can pass each new booking to Ethoca instantly, or in hourly or daily batches, getting scores and recommendations instantly in return. The service is currently provided for a monthly fee, depending on the size of the airline and the number of transactions. Ethoca may move to a monthly fee, plus a per-transaction charge, in the future. The basic model is like a credit bureau, with participants sharing information to make the smartest possible choices about which customers to trust, and which to be wary of.

airfare sales. Radixx's internet booking engine is very simple, to minimise these losses.

Other vendors are also looking to maximise revenue. Sabre has launched Customer Sales and Service (CSS) to enhance revenue in every channel. Midwest Airlines will use CSS to charge extra for wider, two-by-two seating and configure aircraft to accommodate demand for this product. "Airlines are getting more complex," summarises Kyle Moore, VP for product marketing at Sabre. "Even steadfast LFAs are being driven to more complex business models."

THE ULTIMATE GOAL

SabreSonic CSS helps carriers to charge more for better seats and travel throughout the trip, in scheduling, configuring aircraft, fulfilment and accounting. By October, Midwest Airlines was configuring seating for the premium seats actually sold. Sabre is discussing CSS with a large North American carrier, and it will offer the new service to all airlines hosted by Sabre.

Moore says maximising all revenue, trip plus ancillaries, is the ultimate goal. But carriers cannot yet do this kind of integrated revenue management. "They are starting experiments, like charging a different price for premium seats on longer flights. We want to help carriers to manage non-fares like they manage fares."

Moore expects airlines to continue experimenting with business models, new products and sales methods. "You might offer an inexpensive fare from New York to Los Angeles with advanced seat selection and two bags for check-in, and then throw in lounge access in Los Angeles." And tools will advance simultaneously, making it easy for customers to choose and for airlines to manage this complexity. ■