

Better connections

Henry Canaday discovers how booking and distribution systems are helping airlines to keep their business models flexible.

Airlines seek to expand their markets, both in terms of product and reach. This means connecting to partner carriers, agents and corporate travel departments with fast tools that can handle a wide variety of transport and ancillary products. The age of the simple low-fare airline (LFA) is not over, but larger LFAs are increasingly switching to the hybrid model, working with partners and offering more than just a seat.

Distribution applications are also changing. Simple LFA systems are evolving to handle complexity. Established applications can work simply but support complexity when it comes. Carriers can choose from offerings with a variety of prices and capabilities.

Mercator provides reservation, distribution, departure control, loyalty and customer relationship management services. Its new cargo system, which handles booking, accounting and warehouse operations, has been implemented at Emirates and Swiss WorldCargo, and will go live at Virgin Atlantic and SriLankan Airlines. "It is complete, paperless and e-freight compliant," says Duncan Alexander, Mercator's vice-president of IT sales and marketing.

Alexander is most excited by Mercator's new partnership with TIK Systems, which offers fast deployment at hybrid airlines of tikaERO, a modern web-booking engine already used by 17 carriers. "It was built from the ground up, Windows-based from top to bottom," he confirms. Mercator can provide tikaERO in combination with its own passenger tools.

TikaERO started with a Vancouver-based airline in 2005. It supports 12 Asia-Pacific carriers, was recently selected by an Italian

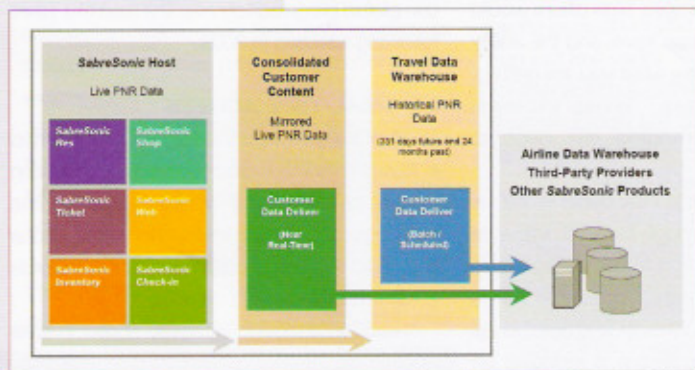
start-up, and a couple more customers in Africa and Latin America are expected. The system gives low-fare airlines full connectivity for interlining that works according to IATA standards but still mirrors LFA systems. Most Mercator customers are regionals that do direct distribution and want to minimise complexity, but increasingly need to interline. "TIK provides that solution," Alexander says. "We will surprise the market with a function-rich system at very competitive prices."

Economy. Taking just five months to implement, AirFairs has converted 40% of passengers to higher fare levels.

Datalex can provide TDP for direct distribution or offer elements to enhance the online channel. The firm specialises only in this platform, rather than focussing on all passenger services. It invests over 100 man-years annually into developing new direct-channel functions.

Datalex's speed avoids waiting for industry standards to evolve and has helped customers

such as Aer Lingus to control how they sell, cross-sell and up-sell. "Airlines need to move fast to increase yield," Hoban emphasises. "There is no one-size-fits-all solution, and we can deploy quickly to test the market." Datalex



Schematic of reservations data gathering with SabreSonic.

Datalex provides online platforms for carriers as large as United Airlines down to ones with 10 million annual passengers. Marketing VP Ornagh Hoban says that Datalex users "tend to be pioneers, like Frontier Airlines, that cannot wait for community standards, but need to deploy solutions quickly and reap immediate benefits".

Frontier recently began using Datalex's Travel Distribution Platform (TDP) to implement AirFairs, which lets customers choose from three fare levels – Classic Plus, Classic and

will roll out new online features and a new call-centre point-of-sale product in 2009, aimed at helping airlines to increase yields on their direct channels.

Some major LFAs are joining traditional distribution networks to tap wider and richer markets. WestJet recently signed a long-term, full-content agreement to use SabreSonic Customer Sales and Service (CSS) as its reservations solution. LFAs like WestJet and JetBlue increasingly need premium yields in corporate markets and, thus, full global distribution system (GDS) connections, argues David Gross, senior VP for airline distribution at Sabre. →

Ad hoc patches to GDSs, through teletype messages, are slow and often lag in synchronising seat availability between airlines and GDSs. Low-cost patches save money, but risk travel agents' loss of confidence in booking business travellers and, thus, loss of airline revenue. "Agents do not want to spend five minutes booking a seat, not sure if the seat exists," Gross says. "The GDS channel is higher cost but drives higher revenue." And Sabre can market LFAs aggressively. "When they open a new route, we can pop up an advertisement for it on the agent's screen."

Sabre tools can brand fare offers for clarity and ease of comparison. De-bundling of offers makes sense for many customers, allowing them to pick and choose desired services and acceptable restrictions. However, it can confuse agents or customers trying to compare different products quickly. Sabre brands offers in categories, such as 'high', 'medium' and 'low', according to standard requirements. For example, high offers would include no restrictions on travel and the ability to pick seats. "You know what you are getting, there are no surprises," Gross explains. He predicts that branding will become more common.

Sabre allows carriers to offer better seats, for additional charges, through its GDS. Midwest Airlines uses this function to sell its Signature seat product, and United does the same with its Economy Plus. WestJet and JetBlue will also use this feature. Sabre is working on standards for baggage and all seating to make offers more visible.

The same considerations affect corporate booking tools, which business travellers often use themselves. Company purchasing rules may be mandatory or optional. Firms can designate preferred providers, require selection of least-cost routes with exceptions and so forth. Whatever the rules, Sabre can connect LFAs and regionals with this important channel of high-yield traffic. "Some LFAs are cautious, but some are biting," Gross says.

SITA now has 100 staff working on its NextGen passenger management services, which are being developed in conjunction with

SAFETY AND FRAUD PREVENTION

Abacus International has launched TravellIntelligence to enable travel agents to locate corporate travellers worldwide in emergencies and manage compliance with company travel policies. The new service shows managers where their travellers are at a glance, reports the mix of airlines used by each employee and even estimates the carbon emissions for each journey – an aid to green-conscious firms.

Air India Express has chosen CyberSource's anti-fraud solution, Decision Manager, to automate the checking of its online ticket sales. The tool uses more than 150 validation tests to determine whether online transactions should be accepted, rejected or marked for further review. An easy-to-use interface allows airline management staff to set their own rules, and then Decision Manager applies them. Online orders marked for review are put in a queue for fast examination and disposition.

Over 250,000 firms around the world now use CyberSource solutions. Air India Express CFO Harish Pai says that CyberSource's considerable experience with online transactions in India was one of the reasons for selecting Decision Manager.

Oracle. The two companies have announced a 15-year agreement to develop what they describe as "the most open and agile airline reservations system ever designed", using service-oriented architecture (SOA) and advanced computing techniques.

The new SITA passenger reservations system will cover reservations, inventory, ticketing and departure control, and will be completed progressively over the next five years following releases in 2009.

REAL-TIME ACCESS

The first fruit of the partnership will be launched in April with SITA's Customer Journey, a Horizon feature providing real-time access to airline bookings for business intelligence applications and rapid retrieval of customer journey records across multiple search criteria.

"NextGen is moving full speed ahead, in spite of the recession," emphasises portfolio marketing manager David Smith. One early fruit of the project, Marketplace-Air, now allows Russia's S7 to sell onward travel to 530 airlines.

With its own application on agents' desktops, S7 had very strong relationships with travel agents for domestic flights, and for some international destinations in Europe and Asia. But these agents were not able to book connections for onward journeys through their S7 application. Smith says that this situation is common for LFAs in other parts of the world.

Marketplace-Air gives airlines a direct connection to agents, without GDS fees, to book segments on the 130 carriers that SITA hosts, plus 400 other airlines. The solution is part

of SITA's move to enable carriers to generate more revenue by selling more products, including ancillary items, across all channels.

Agents can now use S7's Marketplace-Air to book onward connections, with real-time access to all available seating. SITA obtains this inventory through Travelport's Galileo. "They get access to carriers like British Airways seamlessly, using one system and in one transaction," Smith explains. "And instead of paying Galileo a GDS fee, Galileo pays S7 a commission for bookings by travel agents." SITA will offer Marketplace-Air to the 130 airlines that it hosts.

Marketplace-Air is designed for occasional, ad hoc sales on other airlines. For carriers that deal frequently with other airlines, SITA offers Partner Access, a real-time link with last-seat availability guaranteed. "Marketplace-Air is the way to go for cheap and infrequent access, Partner Access for more frequent sales," confirms SITA's Pabitra Bhattacharya.

Partner Access is now used by some alliances and for strong non-alliance relationships. For example, S7 sells Air Berlin tickets frequently, so it may use Partner Access for this relationship. The tool enables airline managers to set the rules for selling tickets on codeshare flights and adjust them continually, rather than wait for SITA to make the alterations. "We think this is core to their business, so we train them on how to make changes," remarks Bhattacharya.

On the collection side, SITA recently enabled Mexican carrier Aviacsa to receive payments, 24 hours after booking, at 6,000 OXXO convenience stores. Passengers make online bookings, print barcode receipts, then swipe

