

IBS PROGRESS FURTHER IN JAPAN WITH VANILLA OFFERING

T2RL staff

THE FACTS

The two largest carriers have launched three new low-cost carrier ventures in Japan, ANA participated in two, Peach and AirAsia Japan and JAL in a joint venture with Qantas for Jetstar Japan.

In June 2013, after just over a year of business operations, the JV between AirAsia and ANA broke down following losses amounting to some ¥3.5 billion. T2RL understand there were clashes in management style and operation management. ANA bought back the remaining 49% shares and launched a rebrand for the carrier as Vanilla Air.

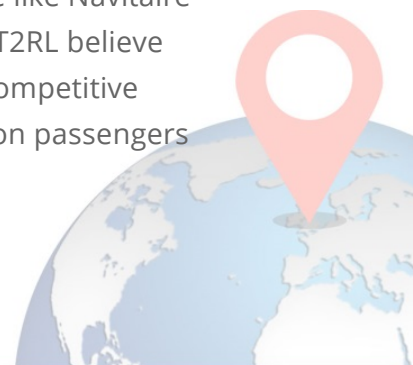
IBS and ANA announced they have entered into a contract on 5th February 2014 for the provision of PSS and other services to Vanilla Air. IBS is no stranger to ANA, with ANA having worked with IBS on the ultimately successful development and implementation of the IBS iCargo platform, launched back in February 2009..

THE ANALYSIS

The announcement comes some time after the cutover date for sales on the IBS solution on 1st November 2013, and flights operating from 20th December 2013. No doubt both parties waited until they were happy with the performance and stability of the solution before making the official announcement.

IBS were able to implement the solution - iFly Res for reservations, inventory management, fares, ticketing and departure control (PSS) in a relatively short time period, some 10 weeks for reservations and inventory and 18 weeks for DCS.

Short implementation cycles have traditionally been dominated by those like Navitaire or Radixx and are a credit to the efficiency of the IBS and Vanilla teams. T2RL believe that implementation cycle and its costs are a critical component in the competitive armoury for IBS if they are to progress from their current base of 7 million passengers boarded.



ANA have traditionally been less risk averse with respect to buying solutions, having made the decision to choose Avantik for Peach, now owned by Emirate's Mercator and working with Unisys' AirCore for their domestic PSS solution. Choosing IBS over Navitaire or Radixx is an excellent endorsement for IBS' management and team. Despite considerable difficulties, IBS have continued to invest in PSS and win customers. IBS also supply to Fuji Dream Airlines, Starflyer (for international operations), New Central Air Service, Hokkaido Air System and Amakusa Airlines in Japan and are establishing themselves as being able to cope with some of the world's most complex market requirements.

T2RL understands that following Japanese market requirements, the iFly Res solution supports:

- Japanese language, data input and itinerary distribution
- Restricting ASR (Advanced Seat Reservation) based on ticketing status
- 'Paygent' gateway interface for convenience stores as a form of payment (FOP)
- Integration with Japanese specific GDS's –ANA Infini (EDIFACT) and JAL Axess (Teletype)
- QR bar code itinerary receipt and boarding pass
- Compatible APIs for QuiC (JAL) and SkiP (ANA) Check-in process

The support for the solution is delivered from a contracted Japanese data centre. IBS also have approximately 20 permanent staff based in Tokyo. T2RL believe that the product together with local commitment would have set IBS' offer apart from the competition to win the Vanilla Air business.

THE SPECULATION

IBS are definitely in the PSS business for the long term. They have had a couple of false starts with projects at Westjet and Virgin Blue but this has made them stronger. Whilst it is unlikely either airline would consider them again, IBS appear to have stayed their course. This stems from the founder of IBS, VK Mathews and ultimately demonstrates a dogged determination to provide these mission critical services. The addition of a new carrier will ensure that IBS continues to invest and develop their PSS iFly Res.



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T2RL see the hybrid market segment as one of the most challenging but offering growth and opportunity. Complex airline product offerings (interline and codeshare) and distribution are more difficult for smaller vendors given the legacy structures for schedules, availability, booking, fares and ticketing. IBS will be required to deliver on these requirements as ANA seek to evolve their LCCs into hybrids and lower their costs across the total network.

IBS's clients are likely to grow faster than the market. The appointment of Richard Stokes will certainly accelerate their ability to close new agreements and we expect IBS to make some significant progress in T2RL's tier 3 and 4 airlines over the coming year.



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