

ATPCO CONTINUES ITS REINVENTION

First View: Rapid analysis of breaking news, providing perspective

THE FACTS

ATPCO held its “Elevate” customer conference in Washington DC on October 1st and 2nd. 420 delegates from airlines and business partners worldwide participated in discussions of both traditional and new businesses supported by ATPCO.

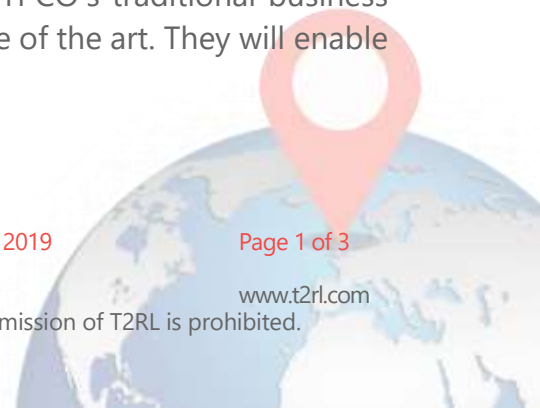
THE ANALYSIS

ATPCO has been around since 1965 although its roots go back further than that. It was born in an era of strict industry regulation and its original purpose was to enable airlines to file their fares with the US government. Later it expanded its remit to international markets and to supplying aggregated air fare data to intermediaries in the airline distribution market such as the GDSs. It is owned by a group of major airlines and it operates as a not for profit organisation. In short it is the archetypical legacy body in an industry that is increasingly trying to transcend its legacy processes. It must surely be in terminal decline?

Nothing could be further from the truth. Under CEO Rolf Purzer, himself a 38-year industry veteran, the company has managed the difficult task of maintaining its essential services while developing new capabilities at the leading edge of airline business practice.

The Elevate conference highlighted three lines of business that did not exist just three years ago.

Top-tier airlines have been developing their approach to dynamic pricing for several years. T2RL has been observing this development closely and one of our findings has been that for all the talk, actual implementations have been remarkably limited in extent. More detail on this may be found in our forthcoming report on the status of dynamic pricing in the world airline industry. Now ATPCO has stepped up to the plate with a multi-step approach to the implementation of dynamic pricing, first with a dual designator capability and now with the availability of adjusted pricing through its Dynamic Pricing Engine (DPE). These developments are perhaps closest to ATPCO’s traditional business but they still represent a significant advance on the prior state of the art. They will enable



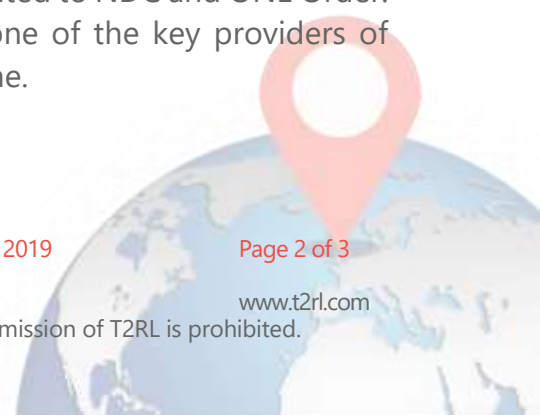
airlines to define more price points and squeeze the last drops of juice from traditional methods before the advent of true continuous pricing some time in the future.

NDC Exchange is a much more radical development. ATPCO has been a committed participant in the process of defining standards for the New Distribution Capability since it was announced by IATA in 2012. ATPCO quickly recognised that the new “standard” was anything but. With two new versions every year as well as existing API standards such as OTA and Open Axis already in the market it was clear that there would be a significant compatibility problem. In conjunction with another industry stalwart, SITA, ATPCO created the NDC Exchange which allows any market participant to have a single connection that allows it to communicate with all other participants regardless of which API version it is using. The Exchange is already in production with major airlines like Air Canada and Southwest using it to extend the reach of their established APIs to new markets.

But the most significant new endeavour is the acquisition of RouteHappy. This start-up has standardised the distribution of rich content in airline distribution. The conference heard and saw how airlines are able to use RouteHappy’s capability to communicate the unique attributes of their product into all channels. Building on RouteHappy functionality ATPCO has developed its Next Generation Storefront which allows travel retailers to offer consistent price comparisons between airline products based on their characteristics. Beyond the immediate application of these products ATPCO is determined to create industry standards around rich content in the same way as it did for fare rules a generation ago.

THE SPECULATION

ATPCO might have been expected to fade away once its original purpose of governmental fare filing became largely redundant. Instead it is thriving and developing new lines of business. The acquisition of RouteHappy is of critical importance since it has driven an injection of new thinking, new technology and new management talent into the organisation. We have seen many smart new companies fare badly in serving the airline industry because they fail to understand the sheer complexity of the business. On the other hand those companies that have been around long enough that they do understand the complexities often struggle to innovate. By melding the start-up entrepreneurship of RouteHappy with the fifty years of experience in ATPCO Rolf Purzer appears to have achieved a synergy that has eluded many others. That synergy should allow ATPCO to continue to ride the waves of innovation including but not limited to NDC and ONE Order. We expect that airline-owned ATPCO will continue to be one of the key providers of technology and standards to the industry for decades to come.





T2RL is an independent research and consulting company that specialises in the market place for airline IT systems. Based on data gathered and analysed since the year 2000 it has defined and tracked classifications of airlines and their IT providers. Its research is used by airlines to enable them to make informed choices of systems and vendors and by the vendors to help them develop products that best meet the current and future needs of the airline industry. For further information, visit our website at www.t2rl.com.

