

T2RL'S First View is our rapid analysis of breaking news. It helps provide perspective, putting the facts in the context of our wider and deeper knowledge of the market.

Sabre's Stealthy Success at JetBlue

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The Facts

JetBlue migrated its passenger services systems to Sabre over the weekend of January 30th. Since then nothing has happened.

The Analysis

In fact a great deal has happened but very little has been visible from the outside. A Google News search this morning confirms that there have been no stories about JetBlue and its computer systems in the mainstream media since the cutover, and only the smallest sprinkling in the specialist blogs. JetBlue is operating as normal and in fact it is dealing rather successfully with the worst period of winter weather in its East coast heartland for many years.

Given that a change to any airline's PSS has been likened to a heart transplant and that previous airline migrations have led to enormous problems and negative reports it is legitimate to ask the question "what has gone right here?" Conversations over the last few days with staff at both the vendor and the customer lead to two sets of conclusions:

- i. JetBlue has chosen the right technological solution for the next stage of its evolution
- ii. Both parties understood and acted upon the need for effective project planning and commitment in managing the transition.

To take the first point first. JetBlue is no longer the feisty start-up carrier whose main selling proposition was on-board television. It is developing into a sophisticated network airline with Lufthansa as a shareholder. Its future growth depends on network relationships with travel agency, interline and codeshare partners as well as its ability to squeeze additional revenue out of ancillary services. When it comes to the former there is no substitute for the hard graft of building, testing and implementing the necessary industry links and data exchanges. Sabre has put in that effort over more than forty years and JetBlue is now able to plug in to all that accumulated capability.

This explains why Sabre was a good choice for JetBlue but to understand why the cutover went so well it is necessary to look at the relationship between the two companies.

Brett Snyder, on the BNET travel industry blog, describes Sabre as JetBlue's new wife and the relationship between airline and PSS provider as being like a marriage. While this language is a little flowery it does illustrate the importance of the relationship between the parties. With that in mind it is worth considering the reactions of JetBlue to the way the project was handled.

"It was a true partnership"

"In the control centre during the cutover we couldn't tell which were JetBlue people and which were Sabre people unless we really stared at their badges"

Equally telling was the description of how the project plans were made collaboratively by both organisations working together rather than, as is common in such cases, the vendor working to a somewhat standard project plan and the customer being forced to fit around it.

Ten years ago Sabre was known as an arrogant organisation that took the view that if its products were good enough for American Airlines they must be good enough for everyone else. This and other recent events show that there has been an enormous cultural change within Sabre and that has certainly been good for JetBlue. Whilst there is no specific information about the price JetBlue paid for the 40 years of accumulated experience, Sabre would have competed aggressively to prevent Amadeus or indeed anybody else winning this business.

The Speculation

It appears that Sabre's products - at least in the PSS arena - are no longer good enough for American Airlines. The decision of American to turn to Hewlett-Packard for its new generation PSS was a blow to Sabre without a doubt. However its success in winning the business of WestJet, JetBlue, Volaris and now LAN within a period of just a few months has already seen it acquire business equating to 50% of the passenger numbers of American, undoubtedly at better margins than it made from its former parent company. With over three years to go before American will migrate away Sabre is in a strong position to consolidate and even grow its PSS business. With successes like the one at JetBlue Sabre is sure to remain one of the dominant providers in an increasingly concentrated business sector.