



FCM INSIGHT

All about NDC



NDC

Explained

Background

Since the 1960s the world's travel industry has relied on Global Distribution Systems (GDS) to aggregate content, combining airline schedules, fares and availability into combinations accessible to travel agents, as well as aggregate hotel and car content.

The internet enables airlines to exert more control over what they want to display to the customer, unbundle products and charging supplements for seats, bags, meals etc. Historically, the GDS has not offered the same level of control and flexibility.

Despite the recent introduction of APIs, airlines demand the same flexibility in retailing to indirect and direct customers, but do not regard the GDS as flexible enough to provide this capability.

Many airlines see New Distribution Capability (NDC) as an enabler to deliver better and richer content, although whether the end result proves to deliver a cheaper or better alternative to traditional GDS content remains unknown.



The world's travel industry has relied on GDS since the

1960^s

What is NDC?

NDC is not a new technology or software, but an XML-based data transmission standard, developed by IATA that allows airlines to distribute their content in real-time.

In effect, NDC sets the standard for airline APIs available to any TMC, travel agents, GDS, travel aggregators and corporates, subject to approval from the airline.

NDC is another step towards the digitization of travel, laying the

foundations for more sophisticated retailing whilst aimed to improving the travel experience.

Just as the development of a standard internet protocol allowed the creation of companies like Facebook and Google to thrive, the NDC standard should allow new actors and innovation to better compete in the world of travel.

NDC is another step towards the digitization of travel

What does NDC mean for you?





We believe NDC will encourage innovation

At FCM, we believe NDC will encourage innovation by creating greater flexibility and quicker speed to market. TMCs, travel managers, arrangers, travellers and airlines alike will benefit.

Together with our airline partners we will be able to tailor products to each client's specific requirements – currently limited through the traditional GDS path.

We will be able to provide a more personalised, Amazon-style, service for our clients' travellers, negotiating value adds and delivering a better overall experience.

At Flight Centre Travel Group (FCTG), we have a unique view of the innovation opportunities within the leisure, SME and multinational markets.

We have the technology to slice and dice content from different sources into separate channels, however our customers want to access that content efficiently.

Our philosophy

- As a customer centric business, we are committed to aggregating the widest range of content seamlessly for all customers, across all booking channels.
- Every FCM customer benefits from developments in travel technology, from travel manager and travel arranger to the traveller.
- The future of travel is seamless, personalised and powered by rich content that delivers products across all booking channels, regardless of source or user.
- We are working with all our partners (airlines, corporations and technology providers) to ensure FCM customers reap every benefit of NDC by drawing on our expertise to navigate the inherent complexities.



Potential pain points

The ultimate goal is to perfectly align NDC with the GDS. We are balancing the short-term priorities with building a long-term, sustainable solution

We are at the heart of this phase of industry transformation. We have identified and mitigated the following potential risks to our customers.

We are working with industry stakeholders including IATA, airlines and our technology partners to eliminate them entirely.

We believe that NDC content will require an aggregation layer, be it through the new technology

from the GDS actors or third parties. Development of this new aggregation layer is currently underway, however, short-term challenges need to be reconciled on a case by case basis in the meantime.

NDC is still evolving. We are balancing the short-term priorities with building a long-term, sustainable solution.

Transparency	The airline will control all elements of the travel offer which the TMC presents to its clients, so we have to ensure our clients get the best fare.
Choice & consistency	In an increasingly fragmented distribution landscape, we are responsible for ensuring our customers can compare various options and have access to the widest available choice.
Cost efficiency	Distribution fragmentation adds complexity and costs that may offset our ability to deliver a cost-effective, end-to-end service.
Seamless services	Inconsistencies and deficiencies in airline work-flows and APIs may impact after-sales service and the traveller experience.
Reporting & risk	Content fragmentation across multiple booking channels adds further challenges and limitations in regards to risk hand-offs and data reporting.



APIs

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What are we doing?

FCTG and FCM have created a new Global Airline Distribution team who will oversee transition to NDC. Additional industry experts have recently been hired to this team with both airline and GDS expertise.

We are working with Amadeus, Sabre and leading airlines to ensure our customers maximise the benefits that NDC can bring.

Our parent company FCTG was the first to launch Amadeus' NDC-X programme, was a launch partner of Sabre's Beyond NDC programme and is helping to design solutions that will drive travel distribution in the future.

The first release to be able to search, book and serve integrated NDC content, both online and offline, is due in Q2 of 2019 with

subsequent developments rolled out throughout 2019 across all booking channels. FCM will run several NDC pilots with customers in 2019.

We are working with every major airline and have developed robust user cases to ensure their NDC solutions are fit for purpose and enhance the customer experience.

As an active member of the IATA Global Travel Management Executive Council, we are working collaboratively with other leading TMCs to ensure NDC benefits all parties.

FCM is also running several NDC tests and pilots with in-house technology through our innovation entity FCM Labs.

We are working collaboratively with other leading TMC's to ensure NDC benefits all parties



2019

FCM will run several pilots with customers from Q2 2019

What's the timescale?

- During the next 24 months, FCM customers will see significant developments as we take a pragmatic approach to procuring content whilst protecting the customer experience.
- Whilst we continue to lead conversations with the airlines, IATA, Sabre and Amadeus, some content available via NDC remains un-available in the GDS. We will continue to work with these industry players to assure your access to content is not restricted in the short term.
- Booking processes may add complexity and inefficiencies that require additional charges and/or may limit the service levels that can be offered, and FCM will persevere to limit the impact of this complexity to our clients.
- We will continue to work with all our customers to ensure they fully understand both the impact on booking non-GDS content and the true benefits of that content.



NDC

Risks to Adoption

Airline IT systems are currently only required to handle



of the total volume of interactions

HIGH RISKS

1 End to End Servicing

As a mature platform, the GDS can handle complex processes passengers may need, such as; date/route/name changes, cancellations and refunds, and splitting bookings. An NDC standard for some of these processes does not currently exist. IT providers and airlines are at varying stages of development and deployment of solutions and lack a common workflow. With current NDC bookings, some complex servicing needs to be done with airlines directly by phone or using portals, limiting functionality and productivity.

- Until end-to-end servicing has a robust solution, agents cannot guarantee their duty of care to their passengers.

2 Involuntary Change Management

NDC is yet to have a standard for transmitting notification messages from airline to agent. This deficiency includes notifying agents and passengers of airline time changes or flight cancellations. As an interim solution, some airlines are emailing each passenger and/or agent to notify them - this is not a workable solution. Furthermore, NDC does not have the functionality to search for and validate travel solution alternatives to the airlines offering. The road map is also unclear. This lack of a cohesive change management process is a severe limitation, as the solution offered by the airline may be unacceptable for the passenger, leaving the agent to find alternatives.

- Agents are unable to check and offer alternative travel options for passengers.

3 Reliability of Airline Technological Infrastructure

Existing GDS technology uses tried and tested technology, capable of handling the billions of requests being made from a variety of sources at any one time. Airline IT systems are currently only required to handle 30% of the total volume of interactions. In NDC the full burden of the request is with the airline. Agents always need consistent and dependable levels of connectivity to airlines, with a reasonable consistency across multiple airlines.

- Until mass adoption, NDC API feeds will not be subjected to the volume needed to test their resilience and reliability. Customers could experience potential technology 'down time'.

MEDIUM RISKS

4 Best Fare Availability

In today's world, travel managers can make amendments to reservations while still retaining the original flight(s) that may have been on hold in lower booking classes. If the cheapest seats are no longer available on held flights, the reservation isn't lost due to a change because the inventory is on hold. In an NDC world, when flights are re-quoted, currently held flights are not taken into consideration. It looks at what is currently available and offers accordingly. Put simply, the original held offer is disregarded.

- If a passenger wants to hold a flight but could possibly change their dates before the ticket issue date then it may be more beneficial not to make a booking in NDC.

5 Viewership & Ownership of Booking File

The security access for traveller booking files is currently administrated by the GDS and security rights are given for various departments to access any given booking. With NDC, this capability is currently controlled by the airline on a one to one basis, meaning that only the team that made the booking can access a booking file.

- This limitation has serious potential for knock on effects such as; Emergency out of hours.
- With removal of the ability to efficiently service a passenger, the duty of care an agency maintains for that passenger is diminished.

6 Agent Mid & Back Office Integration

The GDS have standard data hand offs to load booking files into agency mid and back office systems. These systems enable agents to fulfil necessary functions, such as reconciliation, passenger payment transactions, and highly significant functions such as third-party risk management and traveller tracking – both functions are key for corporate travel management. Equivalent data hand offs have yet to be created for NDC bookings, severely disrupting agent work flows.

- Without solutions from IT providers, mid & back office system providers will be unable to develop against those data feeds.



LOW RISKS

7 Limited schedule-led workflow

Corporate consultants usually perform a schedule request, wherein seat availability and schedules are returned. Once a flight has been held, the agent can perform various pricing requests to ensure they have the most suitable fare that suits the traveller's requirements when booking via GDS. Discussions that much of this activity can be achieved by doing a shopping request have occurred, however, when a traveller knows exactly what they require, in the interest of speed and efficiency, a consultant doesn't need to receive thousands of flight options when they already know specifically what they need. NDC solutions to this are evolving.

- Customer's SLA turnaround time could be impacted.

8 Inability to Market Fares

Using availability and fare quote display entries, an agent can check prices and seat availability when creating a marketing campaign. This capability gives certainty and fact to claims of prices and the ability to book those fares. In NDC, when a fare is exclusive to NDC, an agent loses access to this display.

- Agent loses the ability to find and sell specific fares with certainty to passengers.
- Agents are unable to market with certainty that those fares are available.

9 Heavily reduced Online and Offline parity of servicing

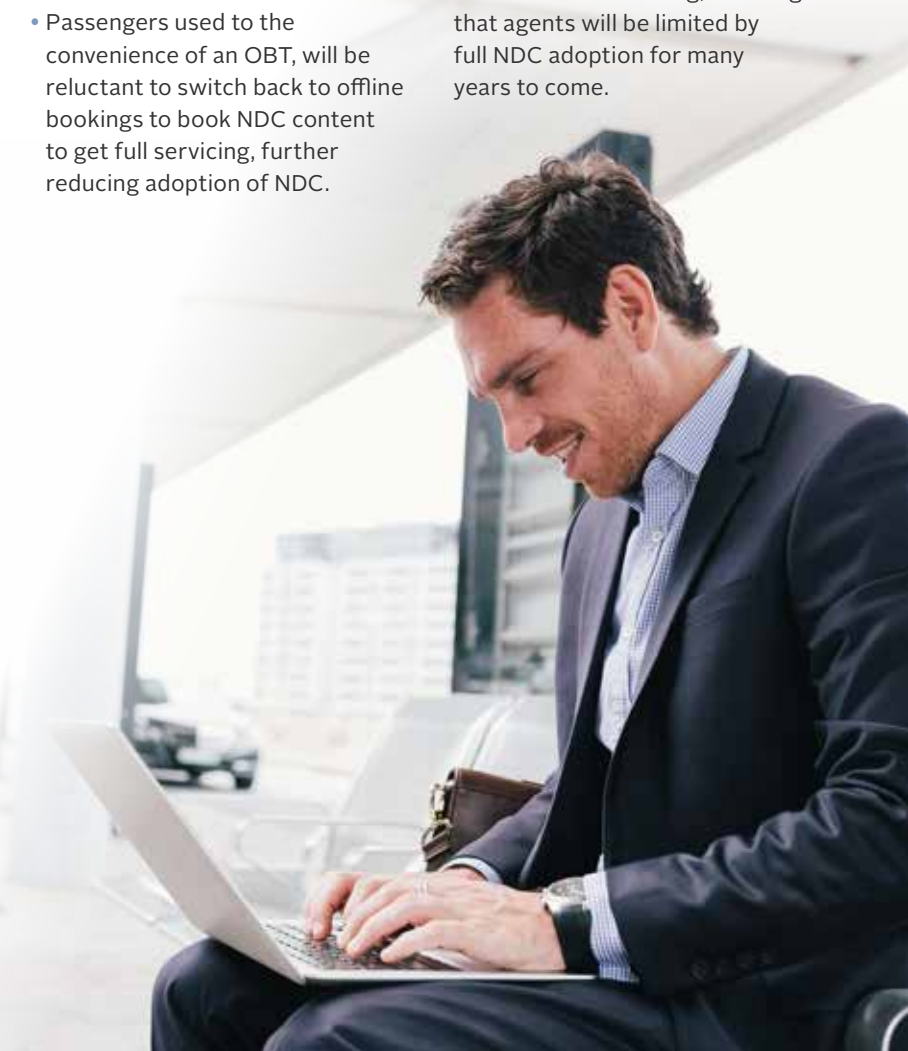
Online booking tools are currently able to create bookings in the GDS which can then be serviced offline. Until significant developments are made, OBT's are relying on third party aggregators to provide them with NDC content, therefore this NDC content is not serviceable in the GDS. Agents will need to phone an airline or use portals to make these changes. Agents will not be able to offer the same level of on and offline servicing options.

- Passengers used to the convenience of an OBT, will be reluctant to switch back to offline bookings to book NDC content to get full servicing, further reducing adoption of NDC.

10 Interlining currently not available in NDC

Whilst the NDC schema supports interline journeys by design, no current IATA carriers have implemented or plan to implement this functionality at this time. Interlining is different from codesharing. Some NDC carriers cater for codeshare itineraries, however, it is often better to book a flight on the operating carrier's flight number rather than the codeshare flight.

- Currently 30% of global ticket volume uses interlining, meaning that agents will be limited by full NDC adoption for many years to come.





About FCM

FCM is a single global brand providing a comprehensive range of corporate travel and expense management solutions. We have a presence in more than 95 countries and are regarded as one of the top five travel management companies in the world. FCM is responsible for the travel programmes of some of the world's most successful corporate brands.

It has always been personalised service that sets FCM apart from the rest and we blend this with innovative technology and unrivalled access to content to drive the optimum performance of your travel programme.

Contact us today to find out how FCM can elevate the performance of your corporate travel programme.