



ME/6806/19

ANTICIPATED ACQUISITION BY SABRE OF FARELOGIX

Amadeus' response to the Issues Statement

1. Introduction

- 1.1 Amadeus has previously submitted a paper providing its key observations on why the CMA's decision on reference under section 33(1) of the Enterprise Act 2002 (the *Act*) given on 16 August 2019 (the *Reference Decision*) does not reflect the market dynamics of the airline ticket distribution industry, the correct frame of reference or the role of Amadeus as one of the leading innovators and technology champions in the sector.
- 1.2 Amadeus' key observations in that paper are as relevant to the Issues Statement as to the Reference Decision. The purpose of this response is not to repeat them: rather it is to supplement with further evidence in respect of three main areas arising from the Issues Statement and oral hearing dated 18 October 2019:
- (a) **the frame of reference being used by the CMA in its review.** The Issues Statement is wrong to state that the "*focus*" of the Phase 2 review should be "*on the indirect channel*".¹ This approach would lead the CMA in to a serious error by closing its mind to a critical consideration in its merger review. The evidence shows that direct distribution must be included in the same frame of reference as indirect distribution (**section 2**);
 - (b) **the role of Farelogix in the industry.** The Issues Statement is correct to say that Farelogix offers a "*best-in-class merchandising product*"² in respect of non-core PSS merchandising modules. However, whilst clearly relevant as a provider of direct connect solutions, the description of Farelogix "*as an important innovator and significant disruptive force*"³ in respect of services that facilitate the indirect distribution of airline content is not a characterisation that Amadeus recognises (**section 3**); and
 - (c) **the innovation and technology landscape in the industry.** The Issues Statement contains fundamental errors of fact in respect of the innovation and technology landscape, including with respect to the role of Amadeus (**section 4**).

2. Frame of reference

- 2.1 The CMA has stated in its Issues Statement that: "*Our focus [in the Phase 2 review] is on the indirect channel*".⁴ The implication of this is that the CMA has closed its mind to the question of whether direct distribution should be included in the same frame of

¹ Issues Statement, paragraph 13.

² Issues Statement, paragraph 52(b)(i).

³ Issues Statement, paragraph 358.

⁴ Issues Statement, paragraph 13. This approach is also clearly indicated at paragraphs 7, 9, 19 and 45.

reference as indirect distribution, and the significant constraint of the former on the latter.

2.2 Amadeus welcomes the case team's clarification that this was not its intention.⁵ Had it been, such an approach would have constituted a fundamental error of assessment. It would have been unsubstantiated, contradictory with the treatment of direct connect and premature at this stage of the Phase 2 review. Most importantly of all, it would have ignored the consumers' perspective, in this case the passenger. Specifically:

- (a) The passenger can choose to book online or offline, but in either case direct and indirect distribution are merely two different channels that can be used to purchase the same airline ticket:
 - (i) **Online bookings:** the passenger will have a choice of an online travel agent (*TA*) or airline.com. Most passengers do not prejudge this choice and navigate first to a general search engine (i.e. Google) followed by metasearch sites. Only then do they navigate to a travel website (airline.com or online TA). Many consumers use the online TA to do comparison shopping and then having chosen the flight they want go to the airline.com to book it. As a result, the European Commission concluded in 2011 that online TAs and airline.coms are in the same market (*Axa / Permira / Opodo / Go Voyages / edreams* [2011]). The development of consumers' online navigation habits since 2011 reinforces this conclusion. Consequently, if Amadeus' customers are to compete with airline.com, at a minimum Amadeus must ensure that they have the necessary content at competitive prices to be able to compete against airline.com. The starting presumption must therefore be that the direct and indirect channels compete.
 - (ii) **Offline bookings:** there are fewer and fewer offline bookings, but the same principles apply. Many of these bookings are made by travel management companies (*TMCs*) which must compete against the business travel arms of online TAs. They must also compete against airline websites since the TMCs are required by their corporate customers to book the lowest available fares and the airlines have direct contracts with the corporates as well (usually with specially negotiated private fares benchmarked off the airline.com and for which the airline offers a specialised API or website facilitating a direct booking). Again, the offline TA must ensure it is relevant when compared with the direct channel such that the presumption must be that the direct and indirect channels compete.
- (b) The fact that direct distribution and indirect distribution compete is why large airlines have the strategic incentive to undermine neutral indirect distribution (e.g. by surcharging sales to the indirect channel or withholding content) and seek to disintermediate the airline ticket distribution industry. This would be to the detriment of smaller airlines, TAs and ultimately consumers.

⁵ Call with case team on 25 October 2019.

- (c) As explained in the response to the Reference Decision, GDSs play a pivotal role in the airline ticket distribution industry as the facilitators of neutral indirect distribution and are regulated by the Code of Conduct. The Code of Conduct is currently under review by the European Commission, and the extension of the basic consumer protection rules underlying the Code of Conduct to other players in the airline ticket distribution space will undoubtedly be a key issue for consideration. The EU institutions are now seeking to extend the principles underlying the Code of Conduct to other areas of e-commerce, so that providers of online intermediation services provide consumers with neutral, unbiased information which allows consumers to carry out comparison shopping confidently.








2.3 Amadeus considers that the available evidence shows that:

- (a) direct distribution is a significant constraint on indirect distribution;
- (b) there is no segment of passengers – specifically, business passengers – in which direct distribution is not a significant constraint on indirect distribution; and
- (c) large airlines therefore have the market power in negotiations with GDSs.

2.4 Accordingly, and for the reasons set out in the response to the Reference Decision, Amadeus’ view is that direct distribution must be included in the same frame of reference as indirect distribution.

Direct distribution is a significant constraint on indirect distribution

2.5 The Issues Statement refers to the Phase 1 finding that the constraint exercised on indirect distribution by “the airline direct channel [is] limited”.⁶ As explained in the response to the Reference Decision, this view is fundamentally mistaken. The available evidence shows that direct distribution is a significant constraint on indirect distribution:

- (a) **Growth of direct distribution.** Direct distribution continues to grow both in absolute terms, i.e. number of bookings, and as a share of total bookings. The 




- (b) **Evidence from booking fees.**  shows that between 2013 and 2017 average unit incentives paid by Amadeus to TAs in the EU have  after adjusting for

⁶ Issues Statement, paragraph 54(d).

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inflation. Over the same period, adjusting for inflation, contract changes and the increasing number of transactions per booking, Amadeus' booking fees to EU airlines have [REDACTED]. This shows that Amadeus is competing fiercely with other GDSs and other suppliers of air ticket distribution services for TAs / online TAs business, resulting in a [REDACTED] but that it has been unable to [REDACTED]. On the contrary, net booking fees to airlines have [REDACTED] in the same time period. Moreover, considering that bookings over this period required an increasing number of calls to the Amadeus system (i.e. polling messages), [REDACTED] for comparable levels of polling messages was even [REDACTED].

This [REDACTED] occurred at the same time as the direct bookings were increasing from approximately 30% to over 40% of all bookings, which is consistent with direct distribution exerting a significant competitive constraint on indirect distribution. That constraint can also be observed on individual airline booking fees.

The table below shows the average booking fee paid in 2017 by [REDACTED] of the largest airlines using Amadeus as a GDS. Each of those airlines was selected because they had a similar type of contract as British Airways in 2017 [REDACTED]. British Airways paid the [REDACTED]. Even more critically, however, the [REDACTED] over [REDACTED] bookings made through direct distribution.

[REDACTED]

Airline	Average booking fee (€ per indirect booking), 2017	Total number of direct worldwide bookings, 2017
British Airways	[REDACTED]	[REDACTED]
Air France/KLM	[REDACTED]	[REDACTED]
Qantas	[REDACTED]	[REDACTED]
Cathay Pacific	[REDACTED]	[REDACTED]
Finnair	[REDACTED]	[REDACTED]
Thai Airways	[REDACTED]	[REDACTED]
Air Berlin	[REDACTED]	[REDACTED]
LATAM Airlines	[REDACTED]	[REDACTED]
TAP Portugal	[REDACTED]	[REDACTED]
LOT Polish Airlines	[REDACTED]	[REDACTED]
Aegean Airlines	[REDACTED]	[REDACTED]
South African Airways	[REDACTED]	[REDACTED]
Qatar Airways	[REDACTED]	[REDACTED]

Airline	Average booking fee (€ per indirect booking), 2017	Total number of direct worldwide bookings, 2017
SAS Scandinavian Airlines	[...]	[...]

[...] ¹¹

There is no segment of passengers – specifically, business passengers – in which direct distribution is not a significant constraint on indirect distribution

2.6 At Amadeus’ hearing with the CMA, the CMA asked several questions about a potential segment for business passengers, and whether direct distribution would be a significant constraint on indirect distribution in such a segment.

2.7 First, Amadeus does not consider a segmentation based on type of passenger to be relevant in the airline ticket distribution industry for the following reasons:

(a) **Defining business passenger.** Passengers exist on a spectrum and a potential segment for business passengers is difficult to define. Travel class and type of passenger are not synonymous with each other. Some leisure passengers will book business class or premium economy class; conversely, many business passengers will book economy class.¹² Amadeus does not routinely track why a passenger has booked a specific travel class.

(b) **Structure of booking fees.** Amadeus has [REDACTED].

(c) **Level of booking fees.** The GDS booking fee is related to the value of distribution and not the type of fare charged. Amadeus does not therefore charge higher GDS booking fees to airlines with a larger share of premium bookings. [REDACTED].

Airline	Type of contract in 2018	Full content agreement in 2018	Share of premium indirect bookings in 2018 (%)	Average booking fee for 2018 (€ per booking)
Air France / KLM	Private channel	No	[...]	[...]
British Airways	Private channel	No	[...]	[...]

¹¹ [...]

¹² In fact, the opposite is normally the case. Most business travel policies of corporations require that the traveller take the most economical fare and business class or premium economy are either forbidden or only authorised in very specific situations.

¹³ [REDACTED]

Airline	Type of contract in 2018	Full content agreement in 2018	Share of premium indirect bookings in 2018 (%)	Average booking fee for 2018 (€ per booking)
KLM	Private channel	No	[...]	[...]
Lufthansa Group ¹⁴	GDA	No	[...]	[...]
LOT Polish Airlines	[...]	[...]	[...]	[...]
TAP Portugal	[...]	[...]	[...]	[...]
Air Europa	[...]	[...]	[...]	[...]

[...] ¹⁵

The results above show no systematic relationship between the level of booking fee paid by an airline and the airline's share of premium bookings.

By way of example, British Airways is the airline with [REDACTED].

(d) **Level of surcharges.** Amadeus notes that large airlines who impose surcharges do so on all GDS bookings irrespective of the type of passenger involved. Those surcharges exceed the cost of the GDS booking fee. For example:

- (i) British Airways applies the same surcharge (£8.00 until 18 September 2018, £9.00 until 31 May 2019 and £10.50 from then onward) to all GDS bookings made in the UK (or anywhere else) whether they are business class bookings made via a TMC, business class bookings made via an online TA or the cheapest economy class fare that British Airways makes available.
- (ii) The graphs below show the impact of the surcharge implemented by British Airways in November 2017 on the number of bookings made via the direct channel. [REDACTED].
- (iii) The mere fact that British Airways surcharges premium class bookings made in the UK shows that it is simply not credible to suggest that Amadeus has any market power over British Airways for business class bookings.

[REDACTED]

¹⁴ [...]

¹⁵ [REDACTED]

¹⁶ [REDACTED]



2.8 Second, the available evidence that does exist suggests that direct distribution is a significant constraint on indirect distribution in respect of business passengers:

- (a) **Evidence from bookings.** The proportion of business fares sold through the indirect channel is not materially larger than the share sold through the direct channel; and, indeed, in some cases, is actually lower.



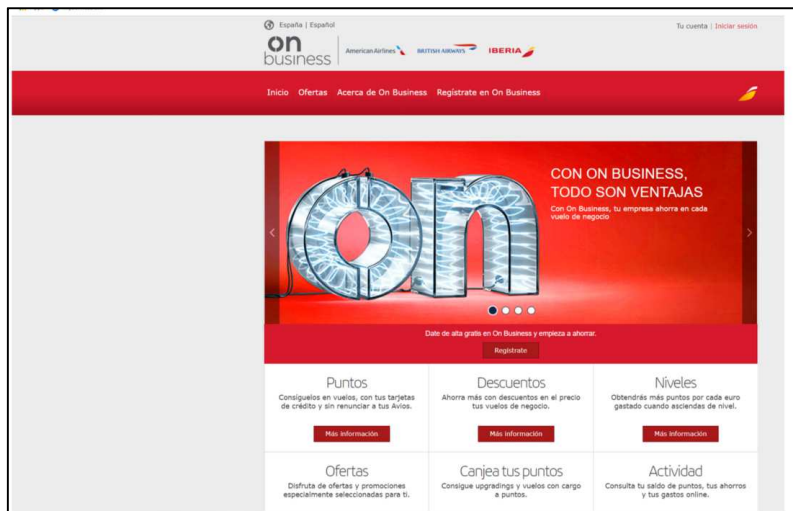
Airline	Percentage of bookings sold through the direct channel (2018)	Percentage of bookings sold through the indirect channel, Amadeus only (2018)
British Airways	[...]	[...]
Air France	[...]	[...]
KLM	[...]	[...]
Air Europa	[...]	[...]
Air Dolomiti	[...]	[...]
Lufthansa	[...]	[...]
LOT Polish Airlines	[...]	[...]
Swiss	[...]	[...]
Austrian Airlines	[...]	[...]
Brussels Airlines	[...]	[...]
TAP Portugal	[...]	[...]



- (b) **Evidence from airline.com.** Airlines are actively marketing their direct channel to businesses. By way of example, British Airways, American Airlines and Iberia have launched a programme called On Business; and Air France has a dedicated corporate travel and business services programme on its website.

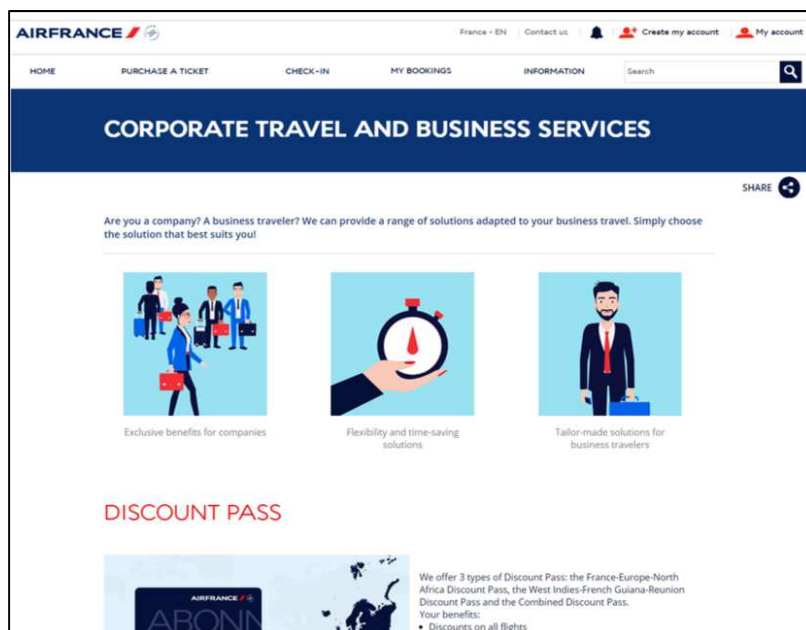
17 [...]
 18 [...]
 19 [...]

Iberia – webpage



Source: Iberia website

Air France - webpage



Source: Air France Website

- (c) **Evidence from TMCs.** TMCs use a variety of different channels to ensure business passengers’ needs are met. BCD Travel and Egencia recently entered into a “multi-year” agreement with Austrian Airlines, Brussels Airlines, Lufthansa and Swiss (all Lufthansa Group airlines) in order to obtain fares that have been withdrawn from GDSs (including Light Economy brand fares). Other TMCs like CWT, Egencia and FCM Travel Solutions have reportedly

enabled non-GDS alternatives as well²⁰ (see The Beat article attached as **Annex II**).

- (d) **Evidence from businesses.** Many companies, particularly large technology companies such as Google, now use an open booking concept whereby business passengers book themselves via any channel (see Phocuswright article attached as **Annex III**). These business passengers will use self-booking tools, which source content from either direct connects or from distributors like Travelfusion; or alternatively, book themselves without using such tools and then expense the fare.

- 2.9 Third and in any event, Amadeus notes that business passengers constitute █ of Amadeus' total sales. Amadeus' profits █. Consequently, Amadeus is █, which gives airlines significant market power in negotiations with GDSs.

The evidence shows that large airlines therefore have the market power in negotiations with GDSs

- 2.10 Large airlines' market power should not be controversial. Competition authorities have long recognised that airlines will have market power on routes (defined on an origin and destination basis) and that on many routes airlines are monopolists or dominant. Even on routes where there are several carriers, competition authorities are vigilant to ensure that co-operations or mergers do not create or reinforce market power, as the CMA is currently doing in relation to the oneworld transatlantic joint venture. It should be noted that there are many routes where either British Airways and/or American Airlines are the only carriers and thus given that non-stop routes are a relevant market for passengers with their origin and destination at either end of that route, British Airways or American Airlines are monopolists. The same applies in distribution. For example, in Case COMP/M. 6163 *Axa / Permira / opodo / go voyages / edreams* [2011]²¹, the European Commission noted Air France was by far and away the largest retailer of leisure flights online in France. This combined with its role as a supplier to the other retail competitors gives it a position of undoubted market power. The same applies to all large airlines in their home market:

- (a) **Commercial terms.** Large airlines, and even smaller airlines, are aware that their content is “*must have*” to GDSs and have leveraged their market power to renegotiate contractual terms with GDSs. For example:

- (i) **BA:** required Amadeus to agree to an “*opt-in*” full content agreement with Amadeus █. The European Commission noted the application of “*opt-in*” agreements in *Travelport / Worldspan* [2007], stating that “*the mere possibility of their application has an impact on the relative bargaining power of TSPs and GDS providers*”.²²

In 2017, British Airways required Amadeus to enter into a private channel agreement with British Airways under the terms of which: █.

²⁰ Some TAs obtain non-surcharged fares through web-scraped content from airlines' websites.

²¹ Case COMP/M.6163 – *Axa / Permira / opodo / go voyages / edreams* (2011), paragraph 41.

²² Case COMP M.4523 – *Travelport / Worldspan* (2007), paragraph 91.

Accordingly, British Airways has managed to leverage its market power in commercial negotiations to obtain greater control over the relationship with TAs, whilst at the same time [REDACTED].

- (ii) **Finnair:** required Amadeus to sign a [REDACTED].
 - (iii) **TAP Portugal:** required Amadeus to sign a [REDACTED].
 - (iv) **Other airlines:** have required Amadeus to agree to various types of agreements and business models with Amadeus, which prefer or impose business models that are advantageous to the airlines. By way of example, Air France/KLM have negotiated a private channel agreement with Amadeus and American Airlines, Delta and United have negotiated a wholesale model with Amadeus.
- (b) **Ancillary services.** Large airlines reserve certain ancillary services exclusively to their direct channels and/or NDC-enabled channels (e.g. Lufthansa and Swiss lounge access, in-flight internet vouchers for intercontinental flights of LH and Swiss and for short-haul flights of Austrian) and/or surcharge the price of ancillary services booked through the GDSs (e.g. €5 for extra bags and seats on Austrian, Lufthansa and Swiss flights). As explained in further detail below, contrary to some suggestions made by airlines, the fact that certain ancillaries are not offered via Amadeus' GDS is not due to any technological limitations on Amadeus' side, it is due to the airlines' unwillingness to provide the ancillaries' content to Amadeus subscribers. The reason for airlines to do this is to make their websites more attractive to passengers than TAs with a view to disintermediate the TAs.
- (c) **Booking fees.** [REDACTED], airlines have required Amadeus to agree to lower booking fees with GDSs. The CMA asked at the oral hearing whether larger airlines like Lufthansa are subsidising smaller airlines like Icelandair (“*So Lufthansa’s payments are supporting the continued existence of the travel agents and Icelandair in your view*”). This is not the case. On the contrary, the evidence suggests that larger airlines are able to negotiate lower booking fees than smaller airlines in commercial negotiations with Amadeus: see below and paragraph 2.5(b) above.

[REDACTED]

3. Role of Farelogix

- 3.1 The Issues Statement states that Farelogix offers a “*best-in-class merchandising product*”²⁴ in respect of non-core PSS merchandising modules. Amadeus broadly agrees with this characterisation and would describe Farelogix as a very strong competitor in this area.
- 3.2 In contrast to the above, whilst clearly relevant as a provider of direct connect technology, the description of Farelogix “*as an important innovator and significant*

²³ [...]

²⁴ Issues Statement, paragraph 52(b)(i).

disruptive force”²⁵ in respect of services that facilitate the indirect distribution of airline content is not a characterisation that Amadeus recognises. Farelogix is only active in indirect distribution as a provider to airlines of APIs that enable direct connect. Based on Amadeus’ market experience, Farelogix should not be characterised as “*an important innovator*” or “*significant disruptive force*”:

- (a) Direct connect represents a relatively small proportion of the market for airline ticket distribution.
- (b) Direct connect is not really a new technology, but rather a model. That model is not particularly novel. The oldest and simplest form of direct connect is essentially just airline.com or bookings made via an airline call centre. To improve functionality and efficiency, more advanced and technically integrated direct connect solutions to airlines were introduced by IT providers. However, these IT providers have been offering such solutions for many years. Direct connect therefore represents a return to the ‘old world’ before neutral indirect distribution and price comparison, which benefits large airlines and is to the detriment of smaller airlines, TAs and ultimately consumers. In addition to Amadeus, Sabre and Travelport, there are many providers of direct connect on the market today:
 - (i) **Third party providers:** include Airkiosk, Avantik, Genius, Multicom, Radixx, SabreSonic and Worldticket.
 - (ii) **In-house:** a number of airlines have developed in-house direct connect solutions. British Airways has developed a direct connect solution and easyJet has another direct connect solution as well.
- (c) Airlines will contract with a variety of providers of direct connect solutions, of which Farelogix is just one of many. By way of example, Lufthansa published a list of 27 technology partners for direct connect solutions.²⁶ Similarly, IAG listed 20 non-GDS aggregators helping it to expand access to IAG NDC/API content, including Atriis and Travelfusion.²⁷

3.3 The Issues Statement states that Farelogix is “*particularly well-placed to compete for future business as the market evolves towards NDC-based solution*”.²⁸ Amadeus is unconvinced that this is the case. However, even if this is so, Amadeus does not consider that this would justify the description of Farelogix as “*an important innovator and significant disruptive force*”. In particular:

- (a) Farelogix was established in 1998: it has existed for over twenty years without offering any ground breaking or unique IT solution in the distribution space. Indeed, from a TA perspective, Farelogix technology is inferior to GDSs

²⁵ Issues Statement, paragraph 358.

²⁶https://www.lufthansa.com/content/dam/lh/documents/discover-lufthansa/partners/direct-connect/Tech_Provider_EN.pdf

²⁷ <https://www.thebeat.travel/News/Parent-of-BA-And-Iberia-Touts-NDC-Gains-A-Year-After-GDS-Surcharge-Launch>

²⁸ Issues Statement, paragraph 52(b)(i).

because it does not provide TAs with the back-office support (including aggregation and integration) that they require.

- (b) As regards NDC, it is true that Farelogix donated a schema to IATA in 2012 and that this was the starting point for the development of NDC. However, since then, Farelogix has not played a particularly special role in the development of NDC. Moreover, in the meantime, the original schema has been changed beyond almost all recognition.
- (c) In any event, NDC is a standard and not a technology. Standards in isolation achieve nothing: technology must still be developed to use those standards. Assuming NDC develops sufficiently comprehensive standards such that it can move beyond the industrialisation phase and into an innovation phase, many providers of direct connect and airlines themselves will be equally well positioned to develop new technologies ‘on top’ of the NDC standard. Farelogix has not been particularly prominent in the development of any such technology.

4. Innovation and technology landscape

4.1 The Issues Statement contains fundamental errors of fact in respect of the innovation and technology landscape, including with respect to the role of Amadeus. Procedurally, the factual background should have been checked with Amadeus given its relevance to Amadeus and the importance of Amadeus as an innovator and technology champion in the industry (Amadeus is recognised as a “*strong competitor to both Parties*”²⁹). Specifically, Amadeus notes the following three examples:

- (a) The Issues Statement states that “*GDS are using older, legacy technology*”³⁰. This is a sweeping and unfounded assertion:
 - (i) First, this assertion appears to confuse technology and standards: Amadeus continues to use the standard set and endorsed by IATA (EDIFACT), even though it has updated the technology used to implement it so as to deal *inter alia* with the exponential growth in the number of transactions that are processed for every seat sold. EDIFACT still delivers huge value to the industry and is unlikely to disappear in the foreseeable future. Whilst this remains the case, airline IT providers will go on supporting it, but that does not necessarily mean the EDIFACT standard is supported using old technology.
 - (ii) Second, this assertion treats all GDS as the same when that is not the case. As previously explained in the response to the Reference Decision, Amadeus GDS technology is best-in-class. Amadeus is the only player in the market that has migrated its whole GDS platform from an older, rigid processing technology to a new open systems technology. An open system creates new possibilities in respect of technological advances such as cloud, big data and artificial intelligence; allows Amadeus to implement new standards more effectively whilst

²⁹ Issues Statement, paragraph 54(d).

³⁰ Issues Statement, paragraph 23.

maintaining legacy standards at the same time; and allows third party developers the opportunity to innovate applications for the system. It has also been essential to the development of new applications and functionalities in Amadeus' passenger services system (PSS), Altéa, as well as key evolutions in areas such as merchandising, ticketing and payment processing.

Amadeus is working towards integrating new content sources, including NDC, in a way that maximises efficiency for content providers and travel sellers in the whole travel ecosystem. With a view to achieving this goal, Amadeus is investing heavily in NDC and working with other industry players to enhance standardisation of NDC. Amadeus has evolved its GDS platform into the Amadeus Travel Platform which will be equipped to handle NDC at scale.³¹

- (b) The Issues Statement states that airline content distributed through a GDS “contains fewer ancillary options”³² and that “NDC allows for richer content (which might include pictures and videos).”³³ This assertion indicates a simplistic understanding of the differences between technology, standards and airline content, as well as the function of a GDS. The fact that airlines distribute fewer ancillary services is not primarily a consequence of the technological limitations of GDSs or the EDIFACT standard. Whilst it is true that XML can improve distribution of rich content, the reason why currently GDSs have fewer ancillary services than airlines' own websites is because the airlines have declined to provide that content for incorporation within GDSs: see paragraph 2.10(b) above.
- (c) The Issues Statement states that “In some instances, NDC content can be distributed through a GDS which allows for aggregation and comparison by the GDS. This is known as ‘GDS pass-through.’”³⁴ As explained in the oral hearing, “GDS pass-through” is not a term that is recognised or used by Amadeus. Amadeus currently aggregates content for comparison using different types of connectivity, including NDC XML as well as other XML interfaces. The assertion assumes an arbitrary distinction between services provided by GDS and non-GDS IT providers that does not reflect the commercial or technical reality. Whilst direct connects can be used to connect an airline with a TA, a metasearch or a CRS, there is always an IT provider behind a direct connect – which is an API; whether that is an airline's in-house system or an external IT provider such as Farelogix or Amadeus.

³¹ In November 2018, the first NDC order was completed on the Amadeus Travel Platform with Lufthansa (Airline) and Travix (Online TA). Then, in August 2019, American Express GBT issued the first live American Airlines NDC-enabled bookings in August 2019 using the Amadeus Travel API (see <https://www.travolution.com/articles/112979/american-express-global-business-travel-claims-ndc-breakthrough>). The service is being actively deployed across a number of airline and TAs, and is one of the main focus areas of Amadeus' “NDC X” programme.

³² Issues Statement, paragraph 23.

³³ Issues Statement, paragraph 26.

³⁴ Issues Statement, paragraph 28.

5. Conclusion

- 5.1 Amadeus welcomes the engagement with the CMA so far in this Phase 2 process. The Issues Statement has, however, given Amadeus serious concerns that the CMA has closed its mind to a critical aspect of competition in the market for airline ticket distribution. It is important that the CMA understands properly the different positions of Farelogix in the PSS space and in the distribution space: as set out above, the current description is one that Amadeus finds overstated and at odds with its market experience in certain respects.
- 5.2 Amadeus would be happy to assist in answering any further questions that may arise from the CMA's review.