

SABRE / FARELOGIX PHASE 2 MERGER INQUIRY

SUMMARY OF HEARING WITH GOOGLE ITA HELD

ON 15 OCTOBER 2019

Products and services offered

Current merchandising capabilities

Google ITA said that it built its merchandising offering in 2011.

Google ITA stated that its merchandising offering supports all the current merchandising functions that their subscriber airlines require to complete their shopping. Google ITA explained that its merchandising offering gives airlines the ability to create optional services and optional pricing formulas and then have those optional services returned with flight search results.

Google ITA indicated that the merchandising offering allows for personalisation. Google ITA explained that its merchandising product allows an airline to enter custom business rules that allows airlines to offer different prices and different services to different customer base clusters. Google ITA explained that this includes all optional services; both flight based such as extra-legroom or ground based such as lounge passes.

Future plans for merchandising

Google ITA said it is difficult to predict how its merchandising services will grow and how many airlines will take up these services. Google ITA said this is partly because it is difficult for airlines that already have a merchandising system to move from one provider to another.

Current NDC strategy

Google ITA stated that it builds and manages direct connect APIs and has an NDC API product in development.

Google ITA stated that it has airline customers with direct connect functionality, some of whom use their own NDC APIs. Google ITA said that although some airlines build their own NDC API, it is Google ITA who powers that API. Google ITA explained that the NDC module acts as a piece of middleware that translates an NDC request into a request that Google ITA can answer.

Google ITA explained that American Airlines and Delta Airlines use it to connect to about 16 different meta-searchers each. Google ITA said that most of the indirect providers that consume American Airlines or Delta Airlines content would have to go through an API that Google ITA publish.

Google ITA explained that airlines view NDC-enabled content to influence their distribution. Google ITA explained that Delta have two ways of expressing shopping

externally to a number of Delta's partners: (i) through using Google ITA's meta-search API; and (ii) via an NDC API.

Future NDC strategy

Google ITA explained that it plans to launch its NDC APIs. Google ITA stated that it is building its NDC product because there is growing consumer demand.

Google ITA explained that some airlines will build their own NDC API.

Google ITA explained that although NDC-enabled tools use a common language there are many different variations which result in it not being consistent in practice.

Farelogix

Google ITA indicated that in Farelogix comes up frequently in its NDC discussions with airlines. Google ITA explained that in most projects it has discussed with airlines either the airline has built an NDC API themselves or they are using Farelogix. Google ITA explained that airlines use Farelogix as NDC middleware and then Google ITA will provide the airfare pricing and shopping. Google ITA stated that Farelogix will be their main competitor for growth in NDC middleware.

Farelogix strategy

Google ITA stated that Farelogix is a middle layer business. Google explained that in some cases Farelogix connect to QPX, the Google Shopping system. Google stated that there are cases where Google ITA and Farelogix coexist but provide different aspects of service.

Google ITA indicated that its growth is dependent on the release of its API.

Farelogix as a competitor

Google ITA indicated that Farelogix has a number of products and its NDC API is but one of them. Google ITA explained that Farelogix also has a shopping module, a merchandising module, a scheduling module and a selection of other PSS modules.

Google ITA stated that Farelogix is a very strong competitor in merchandising and in providing NDC APIs (ie in distribution).

Google ITA indicated that Farelogix may have a competitive advantage over companies that vertically integrate their products (i.e. that are not shopping solution agnostic). However, Google ITA explained that in the scenario where Farelogix is selling its NDC products to an airline for whom Google ITA does not provide a shopping module, Google ITA would not be competing for that airline.

Capabilities of Google Flights compared to GDSs

Google ITA explained that a GDS offers shopping services and booking services whereas Google Flights will only offer shopping services.

Google ITA explained that Google Flights consumer product connects to a merchant to book a flight. Google ITA said that Google Flights does not have any PSS functionality and Google Flights does not provide a mechanism to book a ticket.

Google ITA further explained that when a customer wants to buy a ticket following a Google search query, Google facilitates the buying of the ticket but does not execute the process. Google ITA stated that there is a ticketing entity of record who executes the process. Google ITA explained that sometimes this is an airline and sometimes it is an OTA who would book on a GDS.