

Advancements In Codeshare Technology

When the first codeshare agreement was formed in 1967, one of the best computers a company could buy was the Hewlett Packard Model 2115A for US\$119,268 (adjusted by inflation), and it was about the size of a large microwave oven.

Fast forward 50 years and personal computing has become fundamental in the modern world. At the same time, personal computing technology has evolved at a staggering pace, with innovations such as smartwatches, which has millions of times more processing power than the HP2115A ... and for a tiny fraction of the price.

Similarly, codeshares have become a fundamental tool for airlines to expand their network and offer more destinations to their passengers. Yet, codeshares have rarely been included in the technology upgrades used to sell flights.

Today, the latest connectivity technology has enabled a vast majority of flights to be sold using sophisticated, real-time revenue-management calculations to ensure maximum profitability, whereas codeshare sales are still a source of concern for overbooking due to their reliance on outdated connectivity solutions.

Preventing revenue leakage and ensuring revenue-management controls are faithfully executed in codeshare flights are two of the biggest problems airlines face today. This is why Sabre has invested in fully upgrading all the components that enable codeshare availability distribution and sales.

The result is the SabreSonic Partner Availability Management suite of solutions, available to airlines using SabreSonic Inventory. The solutions — Partner Specific Availability, Seamless Codeshare and Bid Price Exchange — enable an operating carrier to:

- Prevent arbitrage opportunities created by inaccurate seat availability on the marketing flight,
- Interactively authorize sales for each flight between two airlines to minimize unintended overbooking,
- Optimize sales across partners with a single financial O&D evaluation.

New Technology Solves A Number Of Codeshare Problems

AS CODESHARE PARTNERSHIPS AMONG AIRLINES BECOME INCREASINGLY COMPLEX, THE NEED FOR MODERN TECHNOLOGY TO SOLVE TODAY'S MOST CRITICAL CODESHARE PROBLEMS IS VITAL. THREE NEW SOLUTIONS ARE AVAILABLE TO HELP AIRLINES GET THE MOST BENEFITS FROM THEIR CODESHARE AGREEMENTS WHILE MEETING THEIR STRATEGIC GOALS IN THIS AREA.

By Daniel Vergara del Pino

maximizes yield. However, the same flight is also sold as a marketing flight, usually for a lower price due to inaccurate codeshare availability.

Partner Specific Availability helps solve this problem by proactively scanning marketing and operating flights to correct any discrepancies that can cause arbitrage and, thus, revenue leakage on the operating flight.

Moreover, Partner Specific Availability can be implemented unilaterally by any operating carrier. Airlines don't need to coordinate resources with their partners to activate it, offering a quick, reliable solution to a widespread industry problem.

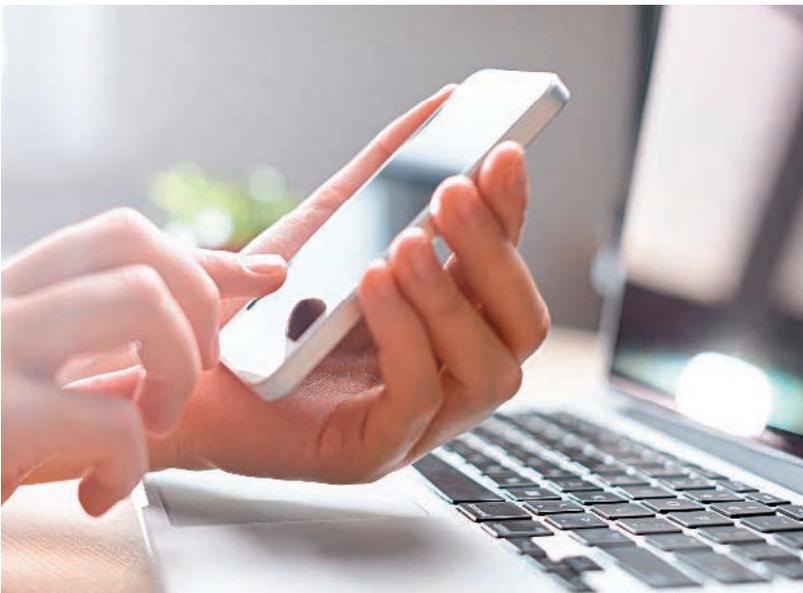
This means operating carriers can regain control of how their flights are sold without sacrificing any of the benefits provided by codeshare agreements.

Partner Specific Availability

Arbitrage has become an urgent problem for many airlines because travelers have more tools than ever to compare prices and decide which airline to fly. Many times, schedules are a deciding factor, but what happens when two options have the same itinerary, but different prices? Naturally, most consumers will select the cheaper option.

This is a common situation for markets where codeshare flights are available. The option sold by the operating carrier is shown with the price that its revenue management believes

AIRLINE TRAVELERS HAVE AN ARRAY OF COMPONENTS THEY USE TODAY TO SHOP FOR AND BOOK TICKETS. NATURALLY, WHEN THEY FIND TWO SIMILAR ITINERARIES WITH TWO DIFFERENT PRICES, THEY ARE LIKELY TO CHOSE THE LOWER-PRICED OPTION. THIS CAN INCREASE THE LIKELIHOOD OF ARBITRAGE BETWEEN CODESHARE PARTNERS BECAUSE OFTEN ONE OF THE PARTNERS HAS A LOWER PRICE DUE TO INACCURATE CODESHARE AVAILABILITY. PARTNER SPECIFIC AVAILABILITY IS A NEW SOLUTION THAT MITIGATES THIS PROBLEM FOR CODESHARE PARTNERS.



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Seamless Codeshare

Availability is only one part of the equation when it comes to codeshare challenges. As anyone who manages codeshares will confirm, sales and overbooking is one of the biggest headaches for airlines. This is a problem that the industry solved a long time ago for normal “prime” flights with the migration to interactive connectivity, which enabled airlines to always have the last word when authorizing a new sale on any flight ... any flight except codeshares.

With Seamless Codeshare, any codeshare partner can leverage the same technology to minimize unintended bookings. Additionally, the solution enables O&D revenue-management and point-of-sale controls to ensure airlines maximize yield for every single booking, even those coming from a marketing partner.

Bid Price Exchange

Because joint ventures and equity partnerships are becoming increasingly common, many airlines aspire to achieve what some call “metal-neutral” availability. This means that availability and sales are managed consistently, regardless of which airline operates the flight.

For airlines that use O&D revenue management, Bid Price Exchange is their first step to achieving metal-neutral availability. Once both codeshare partners agree to use it, the marketing airline will approve or deny sales on all segments, including those operated by its partner, using a single financial evaluation to truly maximize yield on the entire journey.



SALES AND OVERBOOKING HAS ALWAYS PRESENTED A SIZABLE CHALLENGE FOR CODESHARE PARTNERS. SEAMLESS CODESHARE GIVES ANY CODESHARE PARTNER THE ABILITY TO LEVERAGE THE SAME TECHNOLOGY TO MINIMIZE UNINTENDED BOOKINGS. IT ALSO ENABLES O&D REVENUE-MANAGEMENT AND POINT-OF-SALE CONTROLS TO ENSURE AIRLINES CAPITALIZE ON YIELD FOR ALL BOOKINGS, EVEN THOSE FROM A MARKETING PARTNER.

Future Technological Advancements

As the world’s airlines increasingly strengthen their partnerships and align their business incentives, there will be increased pressure on airline technology to fully enable the commercial benefits of these agreements. The SabreSonic Partner Availability Management suite is an example of the great results airlines can expect when both commercial agreements and their technology platforms work together.

However, to ensure codeshare-management needs and expectations are attainable well into the future, Sabre is developing the next wave of technology that can improve how airlines work together.

For example, the technology company is already working on activating more than one of these solutions at the same time, meaning more than one of

the three solutions could be used by the same airline simultaneously. This would enable airlines to realize some of the benefits of metal-neutral availability without sacrificing any control over their flights.

In the long term, it is predicted that groups of partner airlines will pool their resources to truly manage their inventory and revenue management as a seamless airline, what some might consider the “holy grail” of partnership-management availability.

As such, Sabre is currently examining the impact this may have on the industry and its technology platforms, understanding that such a dramatic shift would require changes across the entire airline ecosystem.

However, the company is confident about the benefits this initiative would bring to airline groups, as even today, Sabre supports early implementations of this vision for single inventory management with some of the airlines currently using SabreSonic solutions.

It has taken some time, but technology is beginning to catch up with the expectations airlines have about how codeshares should work. The SabreSonic Partnership Availability Management suite provides a clear example of how advanced technology can enable true partnerships without sacrificing control or yield optimization.

As airlines increasingly implement more complex and strategic partnership agreements, those using the SabreSonic suite can rely on robust technology that will no longer trail their business needs. Sabre is continuously partnering with airlines to build the next-generation technology needed to support their overall business needs, as well as their partnerships.

Clearly, when it comes to codeshare technology, the industry has made great strides from the times of the HP 2115A computer. And new investments are being made to ensure the future of airline partnerships remains fruitful. ASCEND



MANY AIRLINES AIM TO ATTAIN METAL-NEUTRAL AVAILABILITY DUE TO INCREASING JOINT VENTURES AND EQUITY PARTNERSHIPS. AS A RESULT, AVAILABILITY AND SALES WOULD BE MANAGED CONSISTENTLY, DESPITE WHICH AIRLINE OPERATES THE FLIGHT. BID PRICE EXCHANGE IS THE FIRST STEP TO ACHIEVING METAL-NEUTRAL AVAILABILITY FOR AIRLINES THAT USE O&D REVENUE MANAGEMENT. ONCE BOTH CODESHARE PARTNERS AGREE TO USE BID PRICE EXCHANGE, THE MARKETING AIRLINE WILL APPROVE OR DENY SALES ON ALL SEGMENTS, INCLUDING THOSE OPERATED BY ITS PARTNER, USING A SPECIFIC FINANCIAL EVALUATION TO MAXIMIZE YIELD ON THE ENTIRE END-TO-END TRIP.

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