

**Farelogix NDC**  
April 13, 2017

A-STAR ALLIANCE MEMBER 



**UNITED**



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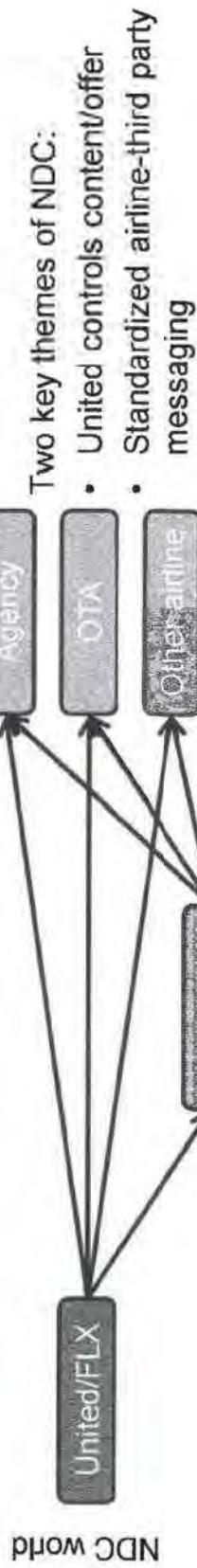
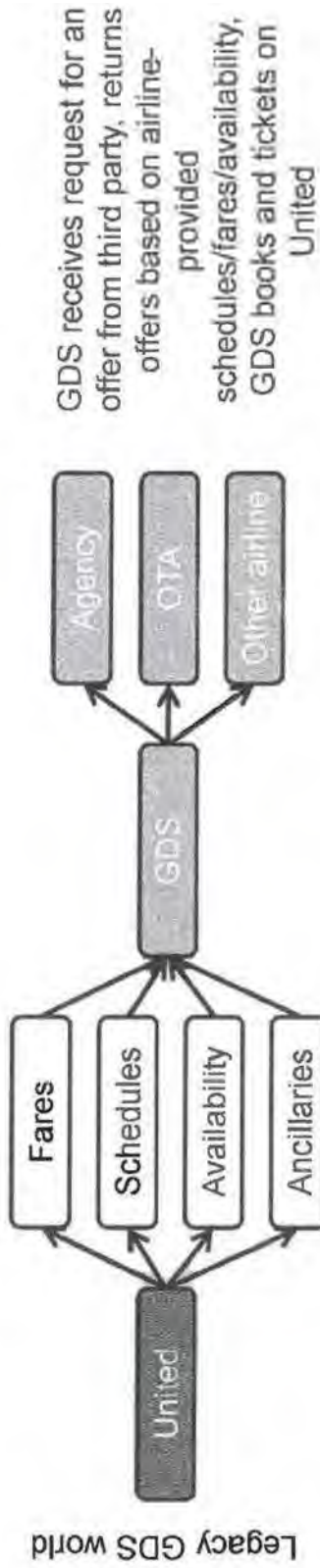
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## **Farelogix NDC solution project background**

- Nearly all third party tickets are sold via a legacy, GDS-based model because United does not offer flight shopping, ticketing, and other services to third parties. This model drives segment fee and commission costs to United, these channels underperform direct in ancillary revenue.
- The IATA NDC standard, standardizing sales processes between airlines and third parties, is an emerging alternative to the legacy distribution model, promising to increase airline control over content in all channels, increase ancillary revenue and reduce distribution costs for airlines. Leaders in NDC services are Lufthansa, British Airways and American on the airline side, Farelogix on the technology side.
- United's contracts with the big three GDSs (Sabre, Amadeus, Travelport) expire in the next [REDACTED] years, partnering with Farelogix and deploying NDC services with third parties improves United's position in those contract negotiations.



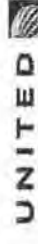
## NDC in a nutshell

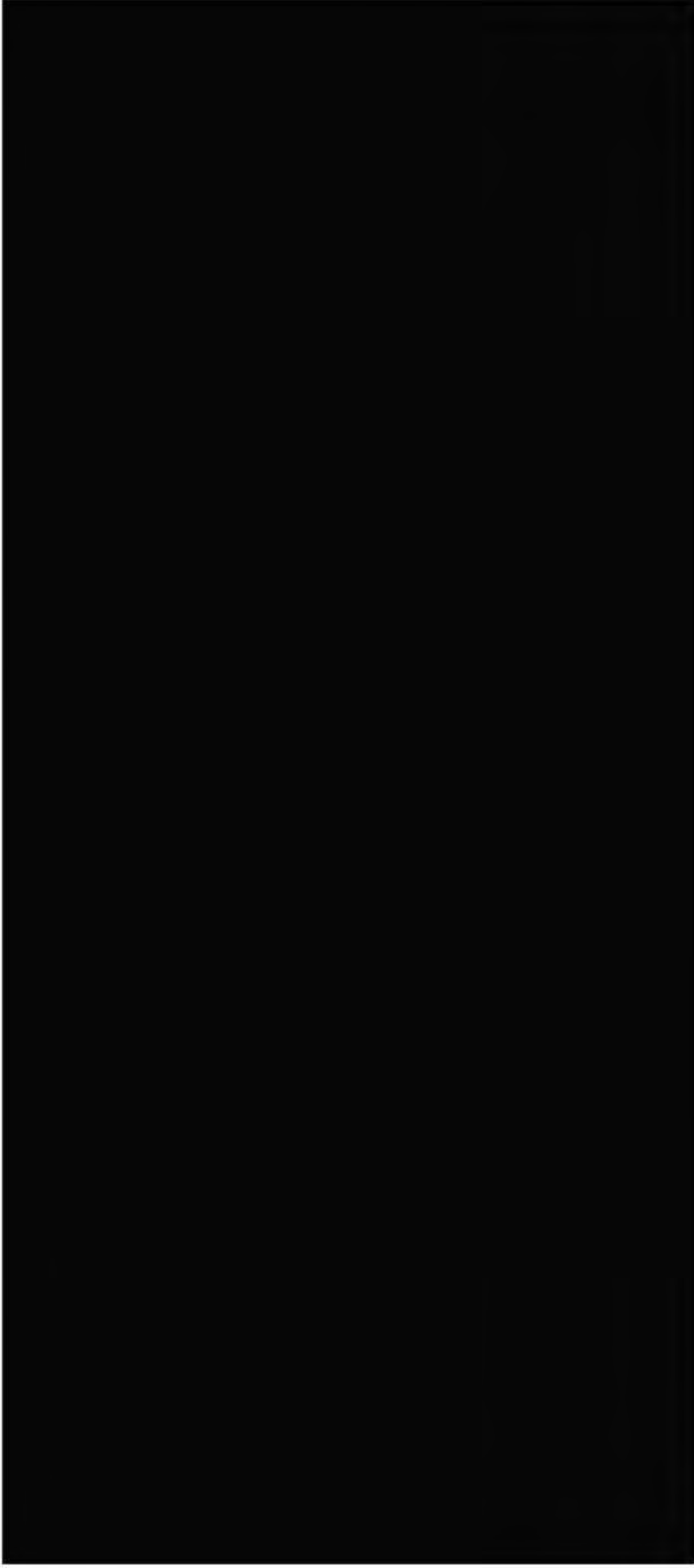



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## **Farelogix NDC solution project background (cont.)**

- Farelogix offers several benefits to United:
  - Cost savings in lower distribution costs
  - Increased ancillary revenue opportunity
  - Proven, off-the-shelf Farelogix-hosted product ready to connect to United IT (CSL) services
- Project will pay for Farelogix services:
  - [REDACTED]
  - Integration between FLX NDC adapter and United IT CSL services
  - Connections to existing third party (agency/OTA) FLX partners and new partners as requested by United
  - Services to third parties such as an user interface for agency bookings and servicing, 24/7 help desk for agencies (tier 2 bookings)





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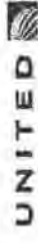
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## Farelogix NDC alternatives

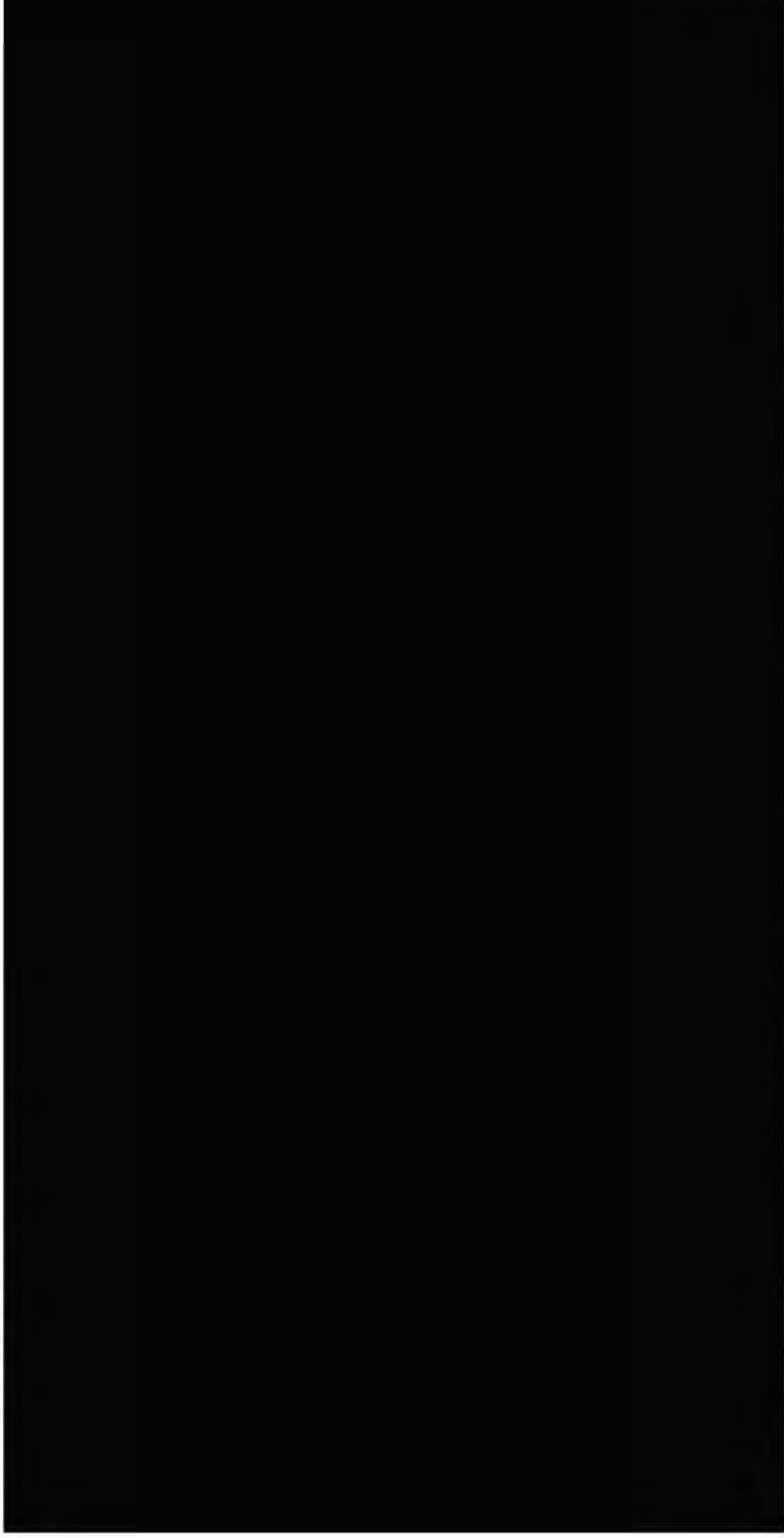
Alternatives:



- In-house NDC solution development: long IT development cycle requires significant IT resources to develop NDC standard solution already available from Farelogix.
- Expose United services without NDC solution: low up-front cost, very difficult to achieve scale as partners must integrate to United's non-standard services.

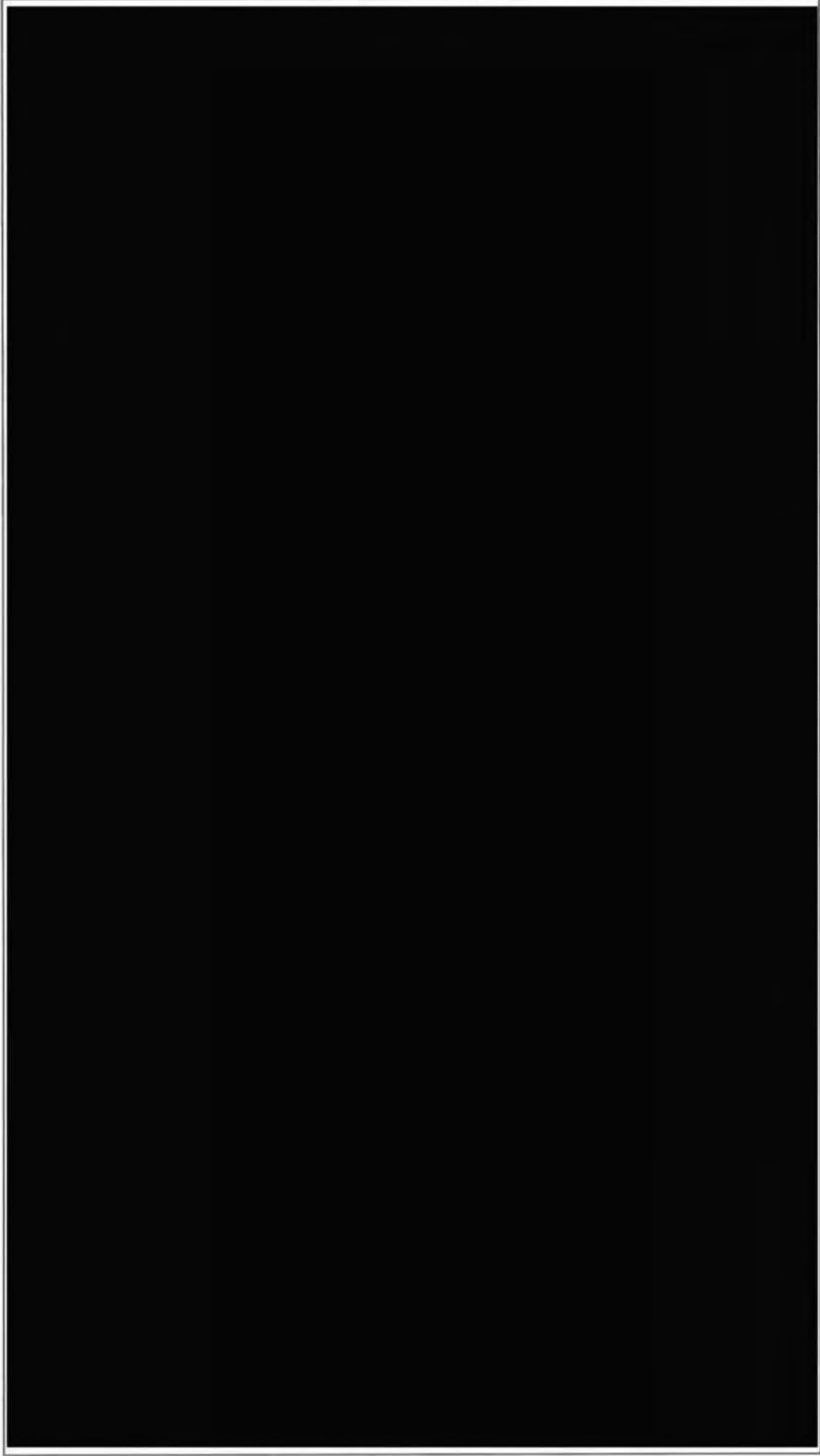


**Business case details**



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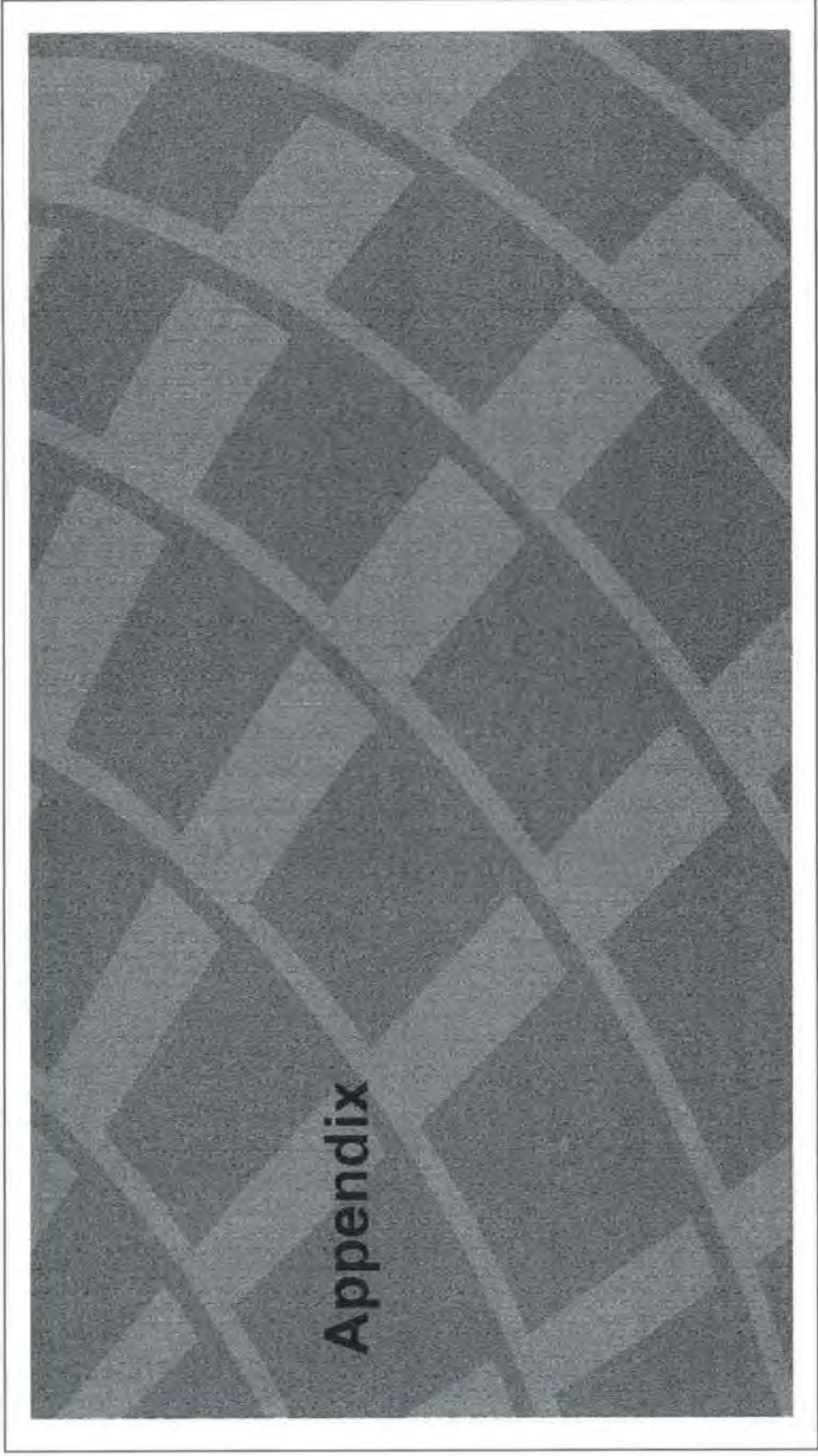
## Additional opportunities, revenue unlocked by Farelogix NDC

- [REDACTED]

- GDS pass through replaces existing legacy technology, increasing United control over flight and ancillary offers made through GDSs, increasing flexibility in making offers and thus revenue, and potentially lowering GDS segment fees.

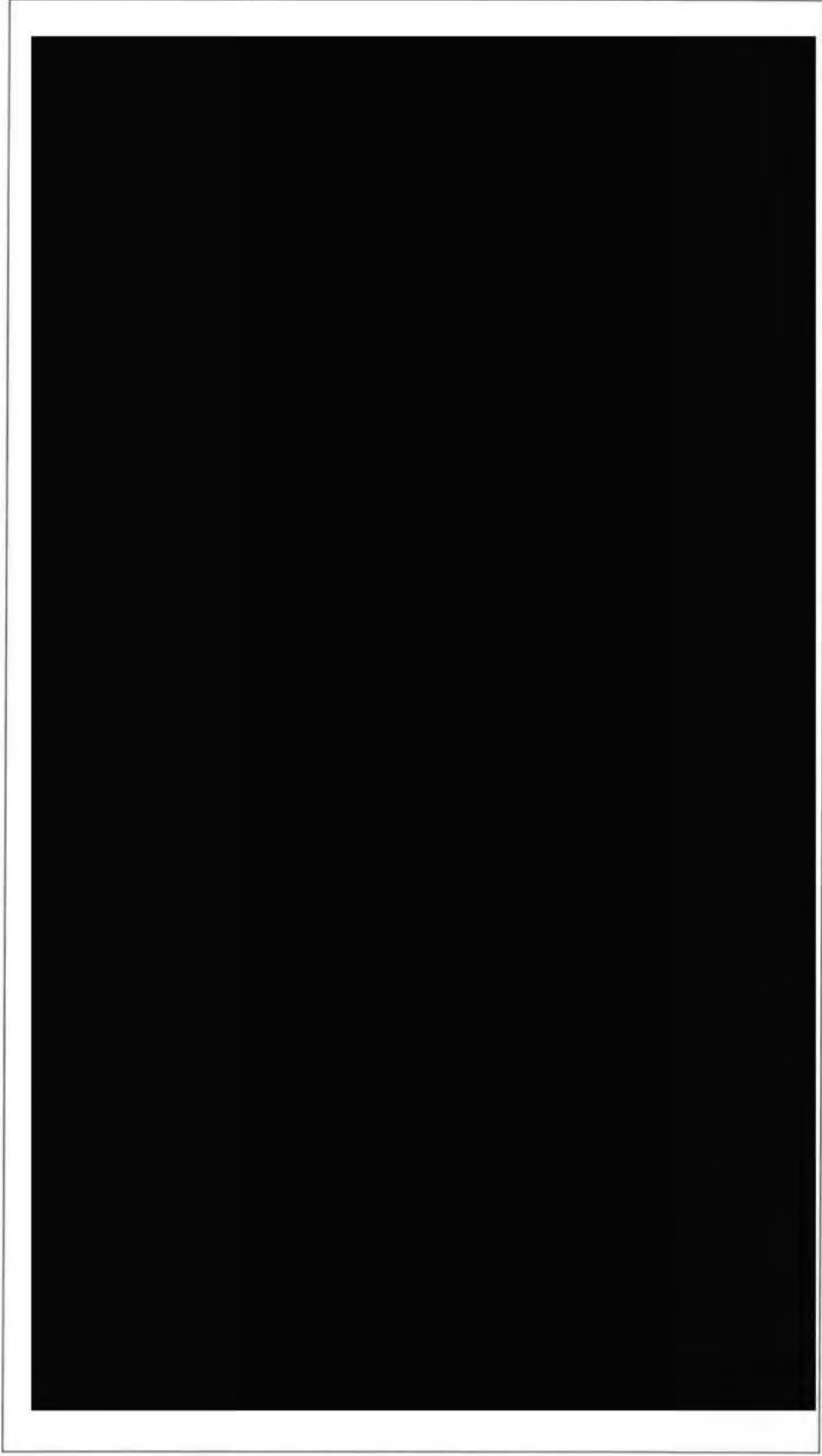
- NDC direct connect or GDS pass through services for OTAs would lower ticket fees paid to OTAs, for example a [REDACTED] decrease [REDACTED] in per-ticket fees paid to Expedia saves [REDACTED] annually





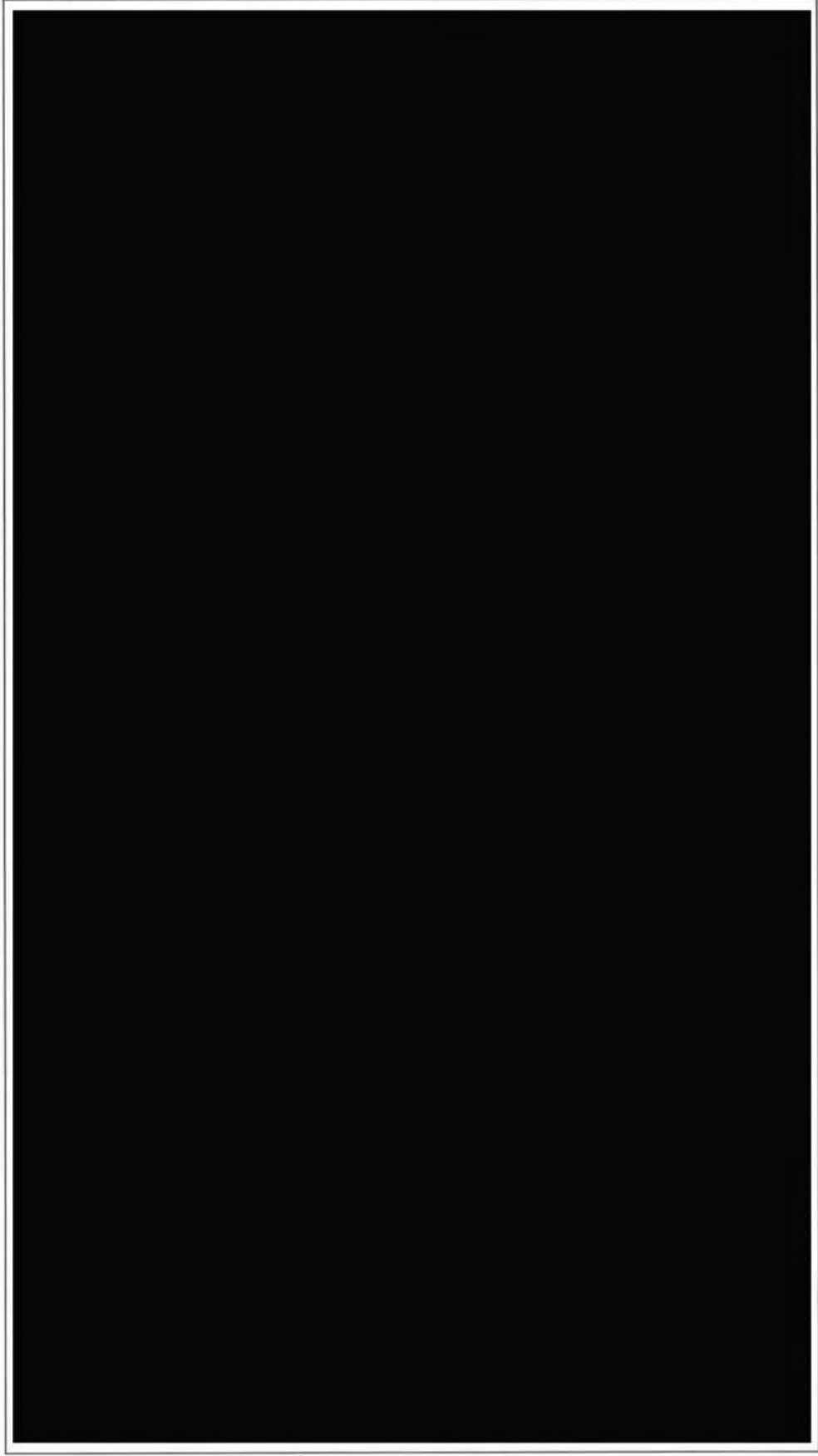
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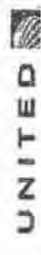


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## **Executive summary**

- Benefits graphs, marginal cost graphs

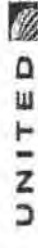


## Data sources

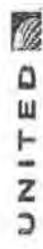
- All data is TCN 2016 issued
- Agency table (agency/OTA data)
- Miscellaneous document (merchandising)
- Metasearch pnr (identify metasearch bookings)

## Assumptions

- Credit card fees are a wash, UA pays CC fees already for metasearch (United.com) tickets, is billed for agency and OTA tickets
- United alone issued EMDs, does not allow ARC/BSP issuing of EMDs



**Third party ancillary sales have great potential**



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