

**From:** Radcliffe, Tye  
**Sent:** Wednesday, November 14, 2018 2:05 PM  
**To:** Fitzgerald, Mike  
**Cc:** Lagler, Mark;Toth, Anthony;Ovalles, Jenny;McNamee, Elliott;Willmore, Curtis  
**Subject:** Re: Sabre Agrees To Acquire Farelogix To Boost Airline Retailing And NDC Stature

It's the stuff of nightmares, but we will get through it.  
Tye

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On Nov 14, 2018, at 12:02 PM, Fitzgerald, Mike <[Mike.Fitzgerald@united.com](mailto:Mike.Fitzgerald@united.com)> wrote:  
I saw this just as my meeting at BMW was starting today – Farelogix can look forward to the “slow down” (or shut down) of innovation moving forward if Sabre’s track record proves itself.

Elliott – didn’t I predict this about two weeks ago!!

**From:** Lagler, Mark  
**Sent:** Wednesday, November 14, 2018 11:35 AM  
**To:** Toth, Anthony <[anthony.toth@united.com](mailto:anthony.toth@united.com)>; Ovalles, Jenny <[jenny.ovalles@united.com](mailto:jenny.ovalles@united.com)>; Fitzgerald, Mike <[Mike.Fitzgerald@united.com](mailto:Mike.Fitzgerald@united.com)>; Radcliffe, Tye <[Tye.Radcliffe@united.com](mailto:Tye.Radcliffe@united.com)>; McNamee, Elliott <[elliott.mcnamee@united.com](mailto:elliott.mcnamee@united.com)>; Willmore, Curtis <[curtis.willmore@united.com](mailto:curtis.willmore@united.com)>  
**Subject:** Sabre Agrees To Acquire Farelogix To Boost Airline Retailing And NDC Stature

Hi Everyone – don’t know if you read this morning’s news from Sabre on their newest acquisition.

**From:** The Beat >  
**Date:** November 14, 2018 at 7:04:45 AM CST  
**Subject:** Sabre Agrees To Acquire Farelogix To Boost Airline Retailing And NDC Stature

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Sabre Agrees To Acquire Farelogix To Boost Airline Retailing And NDC Stature

The Beat ~ a travel business newsletter  
11/14/18



In a deal that would have been unfathomable a decade ago, Sabre has agreed to acquire 100 percent of Farelogix for \$360 million. The airline technology company once was hell-bent on global distribution system

bypass—and still enables bypass today. It's also led by an iconoclastic CEO who at one point was the industry's preeminent agitator of GDSs in general and Sabre in particular.

Times have changed. Farelogix is different. So is Sabre.

The deal, which was announced this morning and must navigate customary closing conditions and regulatory approvals, will see Farelogix become a subsidiary of Sabre and a driving force behind its airline merchandizing, retailing and distribution capabilities. The transaction is expected to close later this year or early next.

Farelogix's technology serves airlines in pricing, retailing and merchandizing. It manages application programming interfaces for some of the largest carriers in the world to transmit fares, offers, bundles and ancillaries from their internal systems to sales channels, including GDSs.

Miami-based Farelogix builds API pipes for a score of airlines—including American Airlines, Emirates, Lufthansa Group and Qantas Airways—that are compatible with the International Air Transport Association's New Distribution Capability standard.

Dave Shirk— EVP and president of Sabre Travel Solutions, an umbrella organization that includes Sabre's GDS business and airline IT arm—called Farelogix "the most advanced offer management and order delivery technology with an extra dose of cool NDC thrown in."

During an interview Tuesday, he said: "Upon close of this, we would expect to be in a position to have the broadest end-to-end NDC-enabled retailing, distribution and fulfillment solution set in the marketplace."

Farelogix has facilitated NDC connections to non-GDS aggregators, online travel agencies and each of the major GDSs.

Shirk said Sabre would maintain Farelogix's agnostic spirit, including with competing GDSs.

More than a GDS provider, Sabre has a whole division dedicated to airline IT, and its systems span airline operations, data management, revenue management and core reservations. Airline IT is where Farelogix fits in.

The deal represents the first major, strategic acquisition Sabre has made since Sean Menke, a former airline executive, became CEO less than two years ago. Already, Menke has ushered in an era of change.

"I like to call what we're going through right now the renaissance of Sabre with everything that we have underway," said Shirk.

He said Farelogix will enable Sabre to support "airlines' mission to control and drive a new retailing and merchandizing and ultimately distribution path. We want to make sure we have the most robust capability set."

Farelogix will be Sabre's enabler in "giving greater control and consistency of offers across all channels," Shirk said. "That's very important. It's where the industry is going and we absolutely want to lead that."

Further, by acquiring Farelogix, Sabre can "accelerate NDC-based integration and distribution across the industry," said Shirk.

Farelogix CEO Jim Davidson said Sabre helps Farelogix achieve greater scale and expand its reach. "We serve customers around the world," Davidson said. "We have to serve those customers better. We have to have more technology integration; we have to have more local support. All of those things that a growing company has to have essentially get solved with this relationship."

Davidson added: "I think we're really good at doing some things around the offer management and NDC, but we think that's just the beginning of it. How this scales and accelerates is when you look at the other

components airlines have, whether it's PSS, GDS, revenue management. All of those things become elements of the retail platform."

Passenger services systems, GDSs and revenue management are all part of the technologies and services Sabre sells to airlines.

Sabre plans to retain Farelogix's employees and management, including Davidson, who will stay in his role and report to Shirk upon the acquisition's close. Shirk said Sabre is eager to bring on "225-plus technology experts that are world-class at NDC and offer- and order-capability sets" from Farelogix.

### ***'I'm Not Going To Live In The Past'***

Farelogix and Sabre haven't always been so chummy.

Back in 2009 when Farelogix operated as a multisource aggregator of content for travel agencies, Sabre terminated a developer agreement with Farelogix, claiming it was "encouraging fragmentation" and undermining GDS economics.

Davidson recollected during the US Airways-Sabre antitrust trial two years ago that Sabre's move "essentially killed" the company's content aggregation business for travel agencies. That meant job cuts at Farelogix, he said at the trial, where he testified on behalf of US Airways. Sabre's move also was a factor in Farelogix's pivot to become a provider of "direct connect" technology for airlines. That heralded in an era that saw Davidson as a frequent needler of Sabre.

Davidson was an early champion of and driving force behind NDC, and as it has matured, Farelogix has successfully become a provider of API-based distribution connections and has played increasingly nice with GDSs, including Sabre.

During an interview this summer, Davidson talked about the comity between Farelogix and GDSs and overall alignment on NDC among industry participants.

Davidson said this week: "This isn't any longer an issue about turmoil; it's about technology. People are talking about content rather than contention. I'm not going to live in the past."

He also sees a renaissance underway at Sabre. He further noted that the management team has turned over since those more confrontational days.

"Dave [Shirk] was not part of that; Sean [Menke] was not part of that. The culture at Sabre was not part of that. The majority of our employees were not part of that," said Davidson of the old feuds.

Asked this summer if Farelogix was a good target for acquisition, perhaps by a GDS company, Davidson told *The Beat*, "I would think so. We fill gaps both on the GDS and PSS side. I think we could be attractive to a number of players."

~ Jay Boehmer

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