

New Distribution Capability (NDC)

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IATA



Agenda

- What NDC is about
- What's changing
- What it looks like
- The NDC value proposition
- Who are we engaging with
- Next steps
- What NDC is NOT about
- Deep dive into governance and workstreams



NDC in a nutshell

- NDC = New Distribution Capability = Industry standard
- Balanced view, win-win-win equation
- GDS, IT providers and agents are participating
- For passengers – more choice of products and services, more personalization, and more transparency
- Fill the gap – Direct vs. Indirect
- Revenue opportunity – Increased sales of ancillary products and services, product differentiation, personalized offering

Airline Distribution Life Cycle



What is Distribution

- How the airline product gets to their customer
- All the processes are connected

NDC will first focus on building standards that impact the shopping process

NDC focuses on this aspect of the process

Introduction to New Distribution Capability

➤ What IATA member airlines are saying:

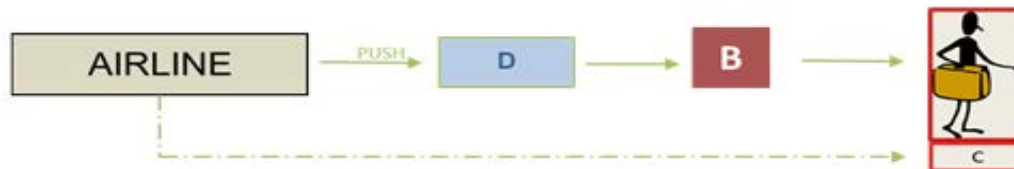
- Need ability to differentiate through innovation and personalization
- Need ability to sell what they want to whom they want through more channels

➤ What is IATA going to do about it:

- Setting Industry Standards to support airline distribution capability: developing a standardized method for airlines to describe their products and the options available.
- The new standards aim to stimulate competition, innovation and offer more choice to consumer

The Problem Today

- Airline pushes the data – GDS constructs the offer



- The “push” has limited *interactivity* with the airlines
- Constraints with ancillary trend, sophisticated dynamic pricing revenue management and increasing data mining usage
- New technology: More agile, faster and more cost effective

So... What is NDC About?

Enabling the capabilities that exist on the airlines' website through Indirect channels

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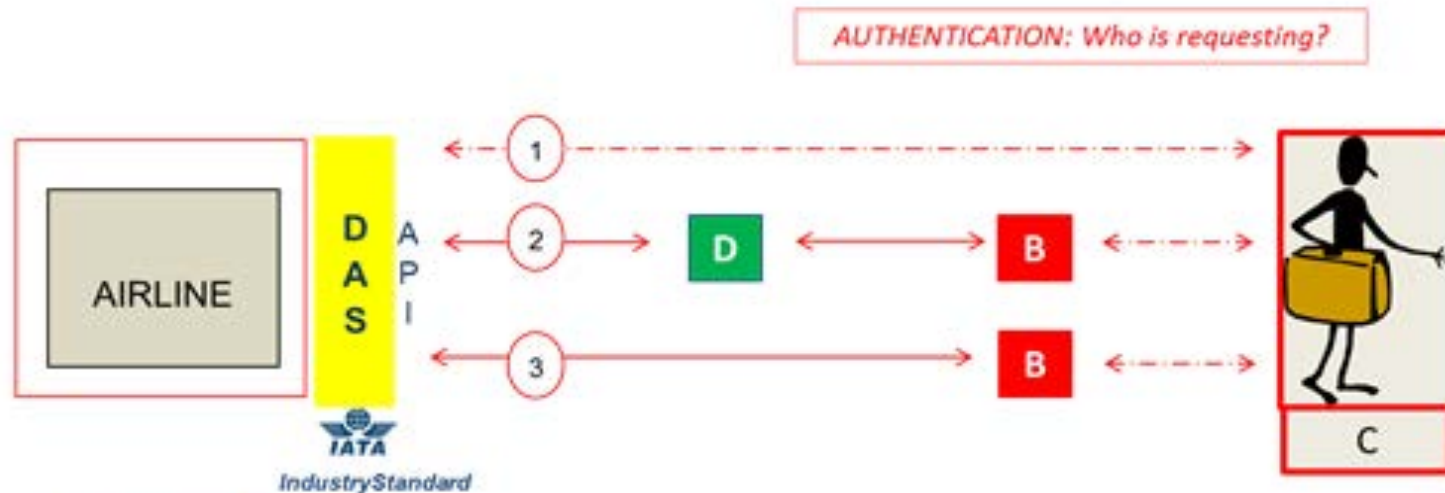
- There are 2 basic requirements
 - Developing a standardized method for airlines to describe their products and the options available - A standard way of connecting - common API
 - Product differentiation, Personalisation through Authenticated Shopping
- The initial scope is the shopping process
- In tomorrow's new distribution, airlines will have greater ability to interact with who is requesting and provide tailor-made product offers
- Product innovation / Differentiation / Personalization

Key Principles New Distribution Model

- It is critical airlines construct/own their product. Need to connect to customers through indirect channels with interactive relationship
- Should use modern messaging. XML based protocols and web services as an example
- Must not to be constrained by backward compatibility with existing legacy messages
- Standards must facilitate authentication of customer identity, enable personalized offers through the whole distribution supply chain
- The new model will be able to cope with changes and support a shopping basket approach (to add and remove product)
- The ways to display product attributes will be standardized to facilitate comparison on sites such as fare comparison sites

Airline Distribution Tomorrow

The Airline builds & owns offer, personalized for consumer

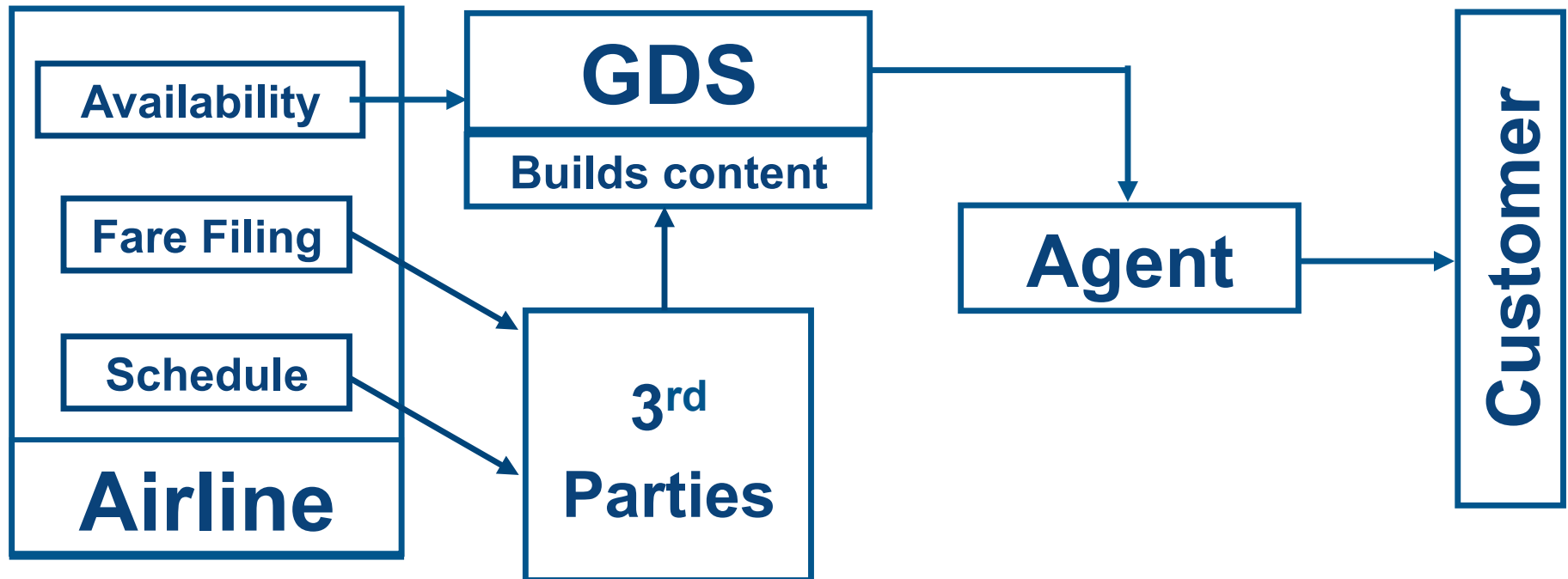


DAS: Dynamic Airline Shopping

- 1 - Direct sales channel from Airline to Consumer C (website, mobile App, offline direct sales)
- 2 - Price and attributes flow from airline to **Distributor D** who offers aggregation and passes onto a **retailer B** (travel agent, TMC, OTA)
- 3 - Price and attributes flow from airline to a **retailer B** who has a bi-lateral relationship with the airline (or several)

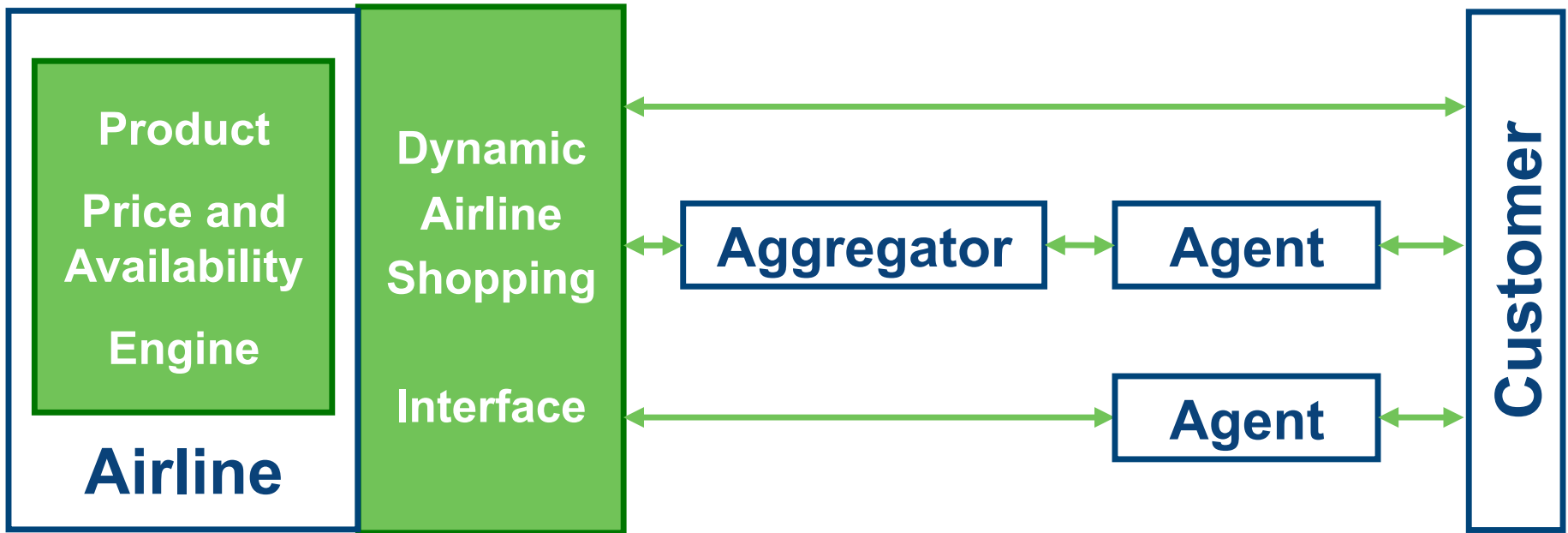
Airline Distribution Today

Push content via 3rd parties to GDS



Airline Distribution Tomorrow

Dynamic Airline Shopping



Shopping for air travel today



Welcome eric [Sign Out] My Itineraries | My Account | Customer Support | Feedback

- Home
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Depart 5:30am – 7:00pm

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Welcome Rewards [dropdown]

Distance to Tysons Corner - near to far [dropdown]
Sorted by Best Sellers
Price - high to low
Price - low to high
Star rating - high to low
Star rating - low to high
Guest rating
Special Deals
Family Friendly
Distance to Tysons Corner - near to far
Distance to other landmarks...

Crowne Plaza Tysons Corner - McLean
★★★★☆
0.15 miles to Tysons Corner,
Book online or call: +44 (0) 20 7136 6278 at international rates [dropdown]
4.3 / 5 Excellent (140 reviews)

Courtyard by Marriott Tysons Corner
★★★★☆
0.15 miles to Tysons Corner,
Book online or call: +44 (0) 20 7136 6278 at international rates [dropdown]
4.4 / 5 Excellent (69 reviews)
Great Rate [dropdown] Last booked 1 day ago
Welcome Rewards
\$349 ~~\$307~~ Select
total, including taxes & fees

Hilton Garden Inn Tysons Corner
★★★★☆
0.37 miles to Tysons Corner,
Book online or call: +44 (0) 20 7136 6278 at international rates [dropdown]
4.2 / 5 Excellent (81 reviews)
Great Rate [dropdown] Last booked 10 hours ago
Welcome Rewards
\$309 ~~\$236~~ Select
total, including taxes & fees

Price (total) [dropdown] \$0 to \$500+ [slider]

Star rating
 ★★★★★
 ★★★★☆
 ★★★☆☆
 ★★☆☆☆
 ★☆☆☆☆

Guest rating [dropdown] to 5 [slider]

Deals
 Deals: Hotels on sale

↗ Search by ratings and deals

↗ Compare on value to consumer

↗ Rich product information

Shopping for air travel tomorrow with NDC

Is it possible?

All fares displayed on this page are in **Canadian dollars**, per person per each way based on the purchase of a round-trip ticket, and **do not include taxes, fees, charges or surcharges**. [Learn more...](#)



Select departing flight - Sat 29-Sep

Select different dates

Op.	Flights	Depart	Arrive	Aircraft	Connections	Tango Plus	Latitude	Executive First Lowest	Executive First Flexible
Direct Flights									
✶	AC830	20:45	10:00 + 1 day	763		<input type="radio"/> \$ 819	<input type="radio"/> \$ 1596	-	<input type="radio"/> \$ 2492
Connecting Flights									
✶	AC874	17:30	06:30 + 1 day	77W	Frankfurt (FRA)	<input type="radio"/> \$ 819	<input type="radio"/> \$ 1596	<input type="radio"/> \$ 3005	<input type="radio"/> \$ 2492
✶	AC9290	09:20 (30-Sep)	10:25	733		<input type="radio"/> \$ 819	<input type="radio"/> \$ 1596	<input type="radio"/> \$ 3005	<input type="radio"/> \$ 2492
✶	AC874	17:30	06:30 + 1 day	77W	Frankfurt (FRA)	<input type="radio"/> \$ 819	<input checked="" type="radio"/> \$ 1596	<input type="radio"/> \$ 3005	<input type="radio"/> \$ 2492
✶	AC9297	12:00 (30-Sep)	13:05	733		<input type="radio"/> \$ 819	<input type="radio"/> \$ 1596	<input type="radio"/> \$ 3005	<input type="radio"/> \$ 2492
✶	AC874	17:30	06:30 + 1 day	77W	Frankfurt (FRA)	<input type="radio"/> \$ 819	<input type="radio"/> \$ 1596	<input type="radio"/> \$ 3005	<input type="radio"/> \$ 2492
✶	AC9292	13:05 (30-Sep)	14:10	319		<input type="radio"/> \$ 819	<input type="radio"/> \$ 1596	<input type="radio"/> \$ 3005	<input type="radio"/> \$ 2492
✶	AC4571	06:00	07:49	ERJ	Washington (IAD)	<input type="radio"/> \$ 1186	<input type="radio"/> \$ 1596	<input type="radio"/> \$ 3005	<input type="radio"/> \$ 4640
✶	AC5960	17:39	07:40 + 1 day	763		<input type="radio"/> \$ 819	<input type="radio"/> \$ 1596	<input type="radio"/> \$ 3005	<input type="radio"/> \$ 2492
✶	AC7740	14:00	15:30	CRJ	New York (EWR)	<input type="radio"/> \$ 819	<input type="radio"/> \$ 1596	<input type="radio"/> \$ 3005	<input type="radio"/> \$ 2492

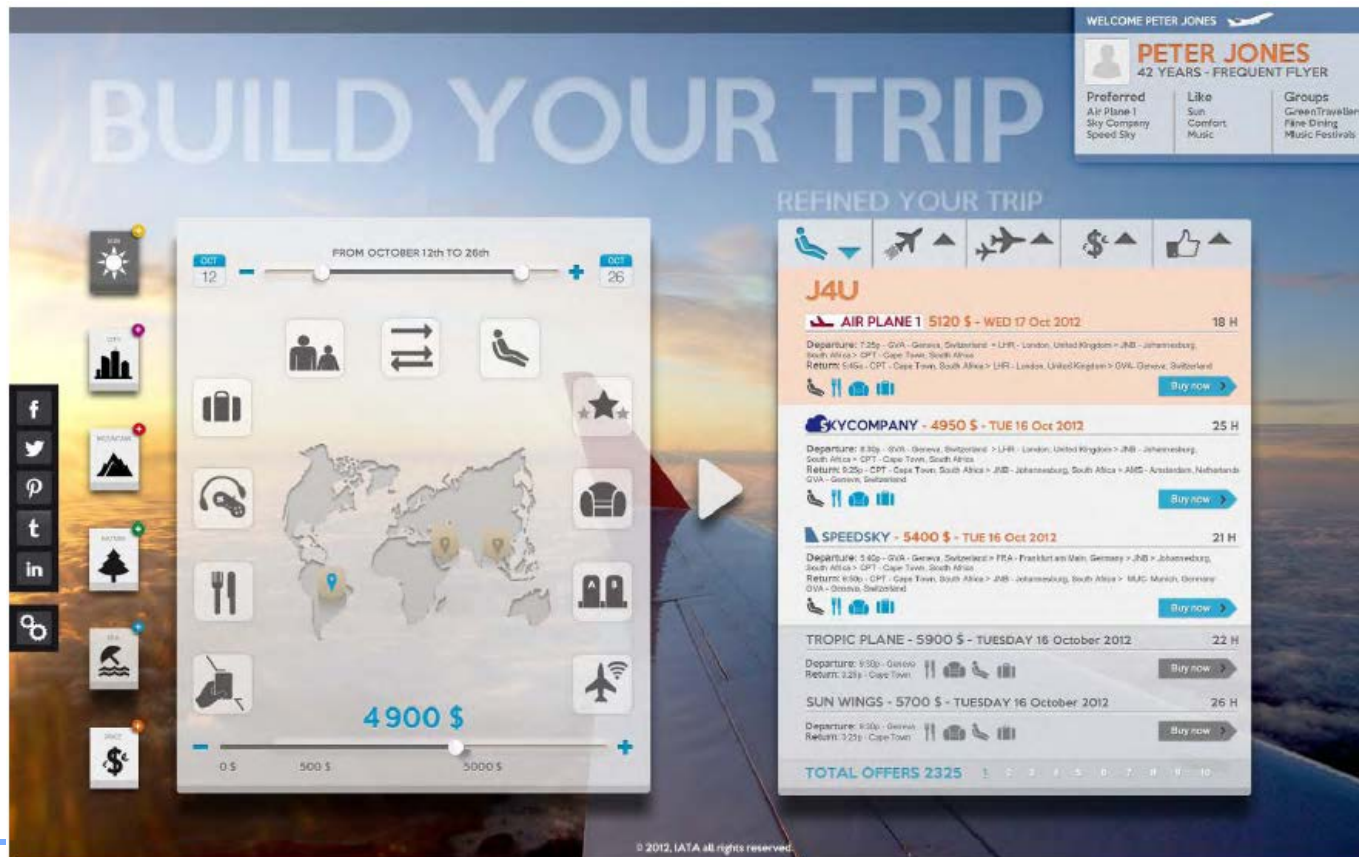
Latitude

Base fare - departing flight:	\$1596	
Fuel surcharge:	\$218	2492
Taxes, fees, charges and surcharges:	\$103	
Total (per passenger):	\$1917	4640

*Taxes are approximate. The exact amount will be displayed once all flights have been selected.

➤ Yes. Airlines already offer today much richer content than what consumers can find on travel agent websites which use GDS data.

Shopping for air travel Tomorrow with NDC (IATA mock-up)



↗ Search by affinity and value

↗ Compare on value to consumer

↗ Rich product information

↗ Transparency and choice

NDC value proposition

➤ Consumers

Transparency (all-inclusive), choice (full-service & LCC), personalization

➤ Airlines


Differentiation, innovation, customization, time to market

➤ Travel agents

More content, better customer information, in one place

➤ Aggregators

More content, incentive to innovate



NEW DISTRIBUTION CAPABILITY

Towards a multi-channel, customer-centric retail model for airline distribution

The New Distribution Capability (NDC) provides a new and innovative approach to the way airlines' products and services are being distributed. NDC will enable airlines to fill the capability gap between their direct and indirect channels, providing identical retail capabilities across all channels. It supports product differentiation and customer personalization.

IATA is facilitating the definition and the establishment of industry standards to support and shape this new model for the benefit of the industry and all its stakeholders. The IATA Board of Governors made this initiative one of its 2012 Industry Priorities.

The case for NDC is clear – It is about providing passengers with more choice of products and services, more personalization, more transparency and increased competition among providers.

What this new airline distribution model is about

- The Airline-Customer relationship becomes interactive through all channels
- Airlines know who is making the request and thus, are able to personalize their offers
- Airlines construct the offers themselves and intermediaries aggregate responses from airlines
- The development of this new model is based on full transparency and openness, with collaboration across the industry.
 - » All industry stakeholders are encouraged to participate
 - » Involvement in the NDC initiative means the ability to influence the future model

Passenger benefits

- Increased transparency of what they are buying
- Greater access to airlines products and services
- Ability to compare airline offerings across many dimensions – not just price
- Recognition by airlines and personalized products offers

Airline benefits

- The capability to sell all products through all channels
- Leverage the investments made for their direct channel and develop retail capabilities for all channels
- Greater ability to recognize and reward customers, provide personalized offers

Travel agent benefits

- Better service for clients – greater consistency in products and services offered across the different channels
- Greater access to products (some of which are only available on direct channels) leading to potential new service opportunities

Aggregator benefits

- Improved capability for displaying wider range of products and services
- Stimulate innovation and offer more choice to consumers, open new business opportunities

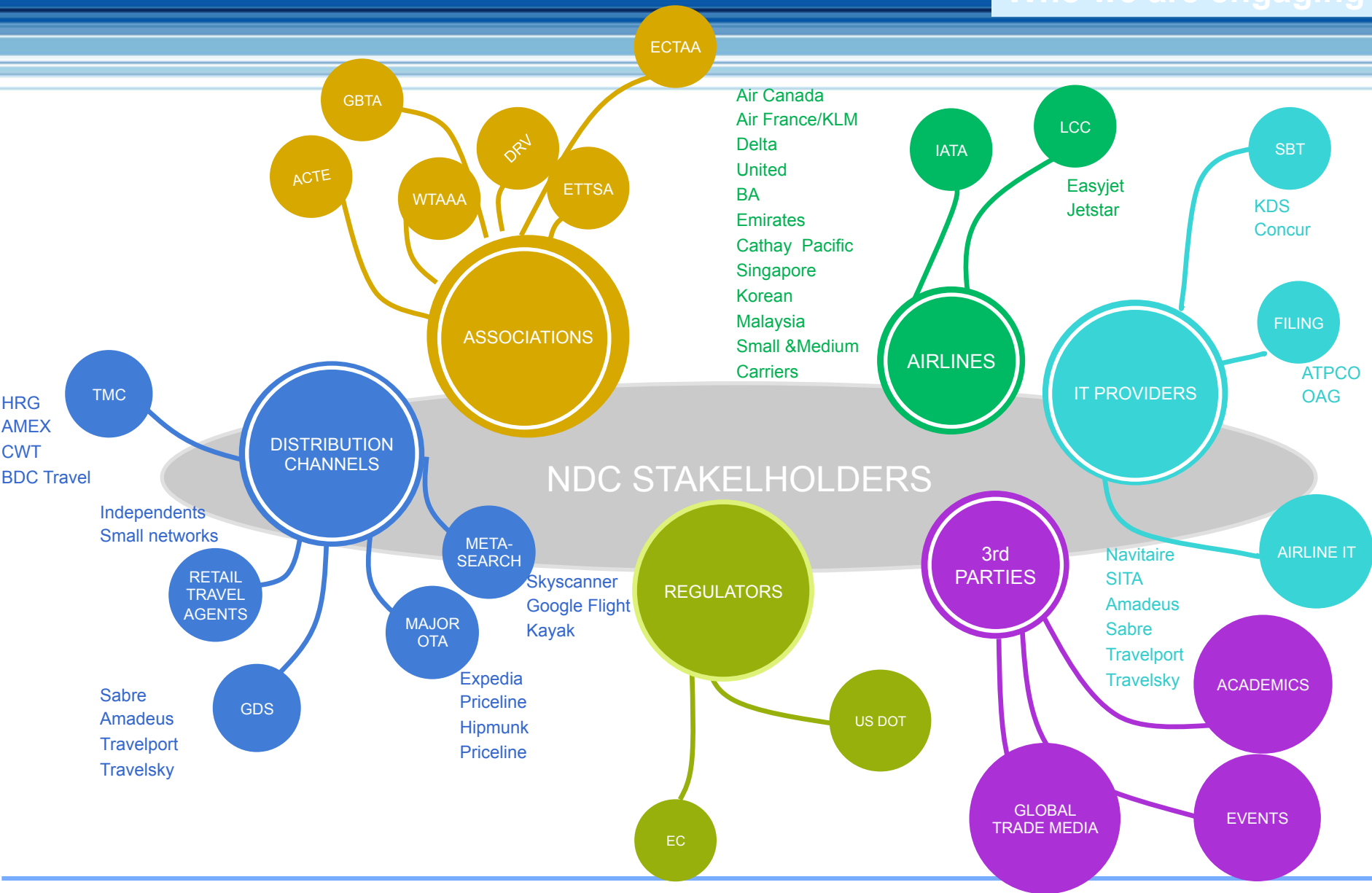
Value proposition for agents

- Broader access to airline products: one stop access to ancillaries and other airline services will enable agent innovation and potential new revenue streams
- Better service for clients: ability to present broader value added to clients via customized offers - if the customer chooses to be identified
- Increased relevance of travel agent in comparing complex product offers

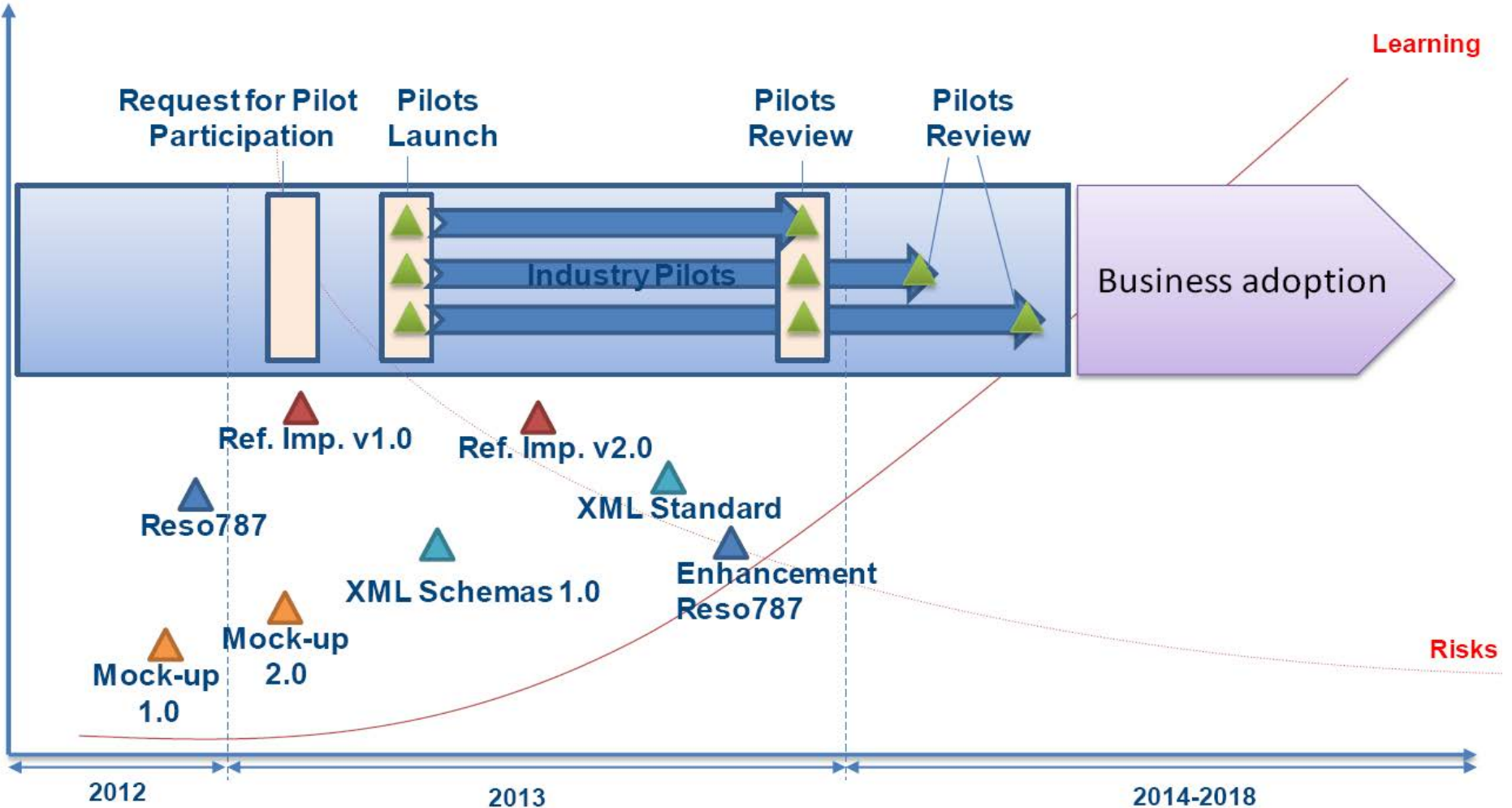
Value proposition for customers

- More choice
- More complete product offers
- More places to shop for travel
- More ability to comparison shop on complete offer
- More ability to get personalized offers based on your preferences if you choose to do so

Who we are engaging



The NDC Roadmap



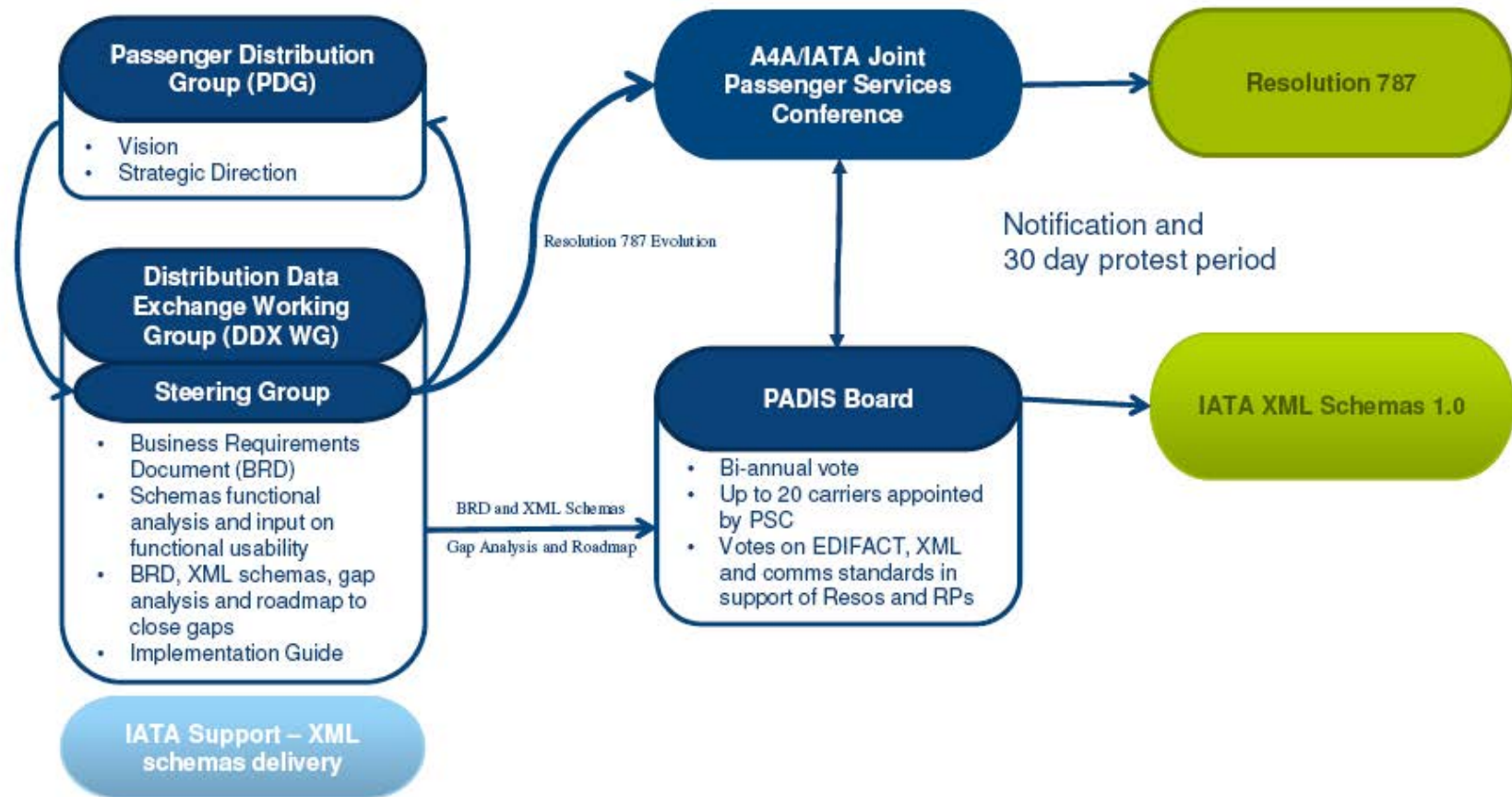
Misperceptions about NDC

- **NDC is an airline effort to circumvent agents** and go direct to the customer
 - Agents continue to offer significant value to customers navigating complex offers
 - Airlines will rely on agents more in a more cost effective and agile distribution environment
- **NDC is a GDS bypass**
 - GDSs part of NDC development team
 - GDSs, like other IT companies, will be able to aggregate expanded airline content and offer comparison shopping
- **NDC will mandate customers provide personal information** to buy tickets
 - Customers can provide personal information for customized offers or remain anonymous (no different to other shopping experiences)
- **NDC is an airline driven solution to meet only airline needs**
 - NDC is an industry collaborative effort across the entire value chain that benefits the entire chain

Time for a deep dive

- Resolution
- Governance
- Working Groups

Governance and Resolution 787



DDX Working Group

- Set up under **Passenger Distribution Group**
- Chaired by **Lufthansa** with vice-chairs from **Air Canada** and **Advantage Travel Centers Ltd (UK)**
- **Objectives**
 - Detail NDC business requirements and deliver first release of XML schemas to be adopted as the NDC Standard
 - Produce and maintain NDC Implementation Guidelines
 - Identify NDC impact across distribution value chain

DDXWG Workstreams

- **Strategic Workstream:** define the business requirements and the overall architecture of the new distribution capability using the top-down approach
- **Tactical Workstream:** focus on the details of business requirements for authenticated shopping with a view of building the first version of the reference implementation (i.e. a bottom-up approach)
- **Impact Assessment Workstream:** identify the impact of the new distribution and provide recommendations how other impacted standards may need to be modified

DDXWG 2 Highlights

- **Over 60 participants representing:**
 - 16 airlines
 - 7 travel trade organizations
 - All major GDS
 - IT Providers and other industry entities (ie ATPCO, ARC)
- **Group exercises addressing various aspects of NDC:**
 - Formulate and reviewed expectations and guidelines for Industry Pilots to be launched this year
 - Impact in other segments of the distribution value chain
 - Creation and review of use cases under NDC scenarios

Thank You!

