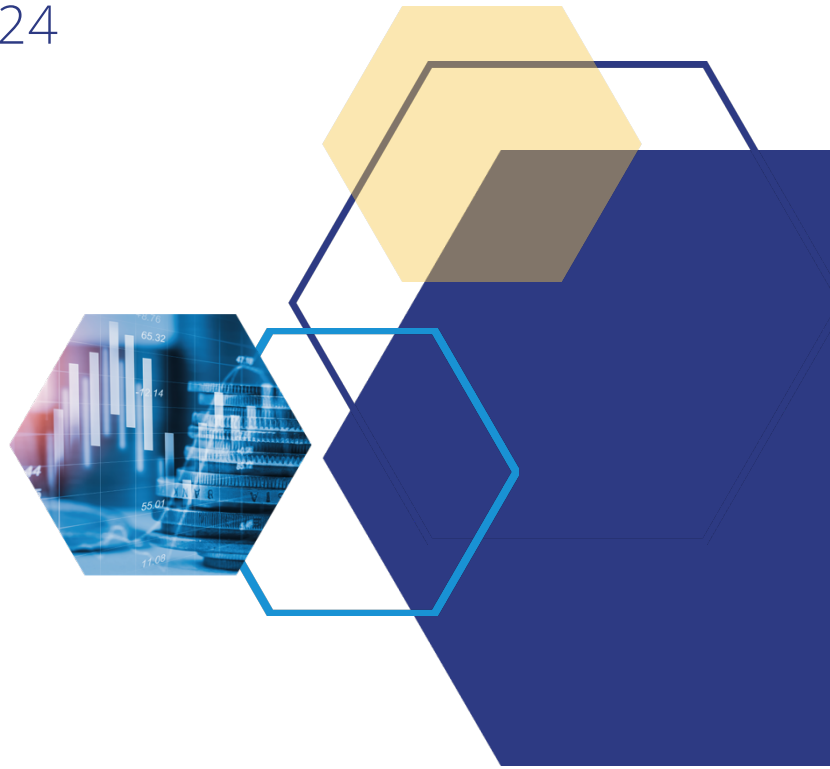
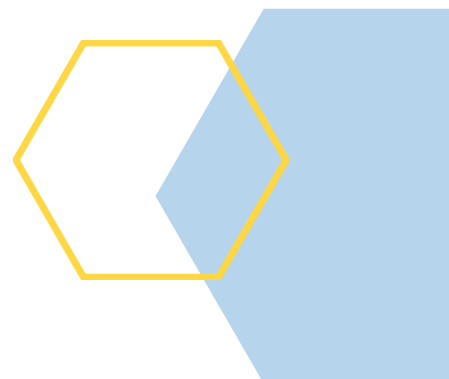




FIRST VIEW
October 2024



IBM and Flynr to Join Forces on OOSD





THE FACTS

In a press release dated October 1st IBM announced that its consulting arm will work with Flyr to bring an Offer and Order Management system based on Flyr's technology to the market.

THE ANALYSIS

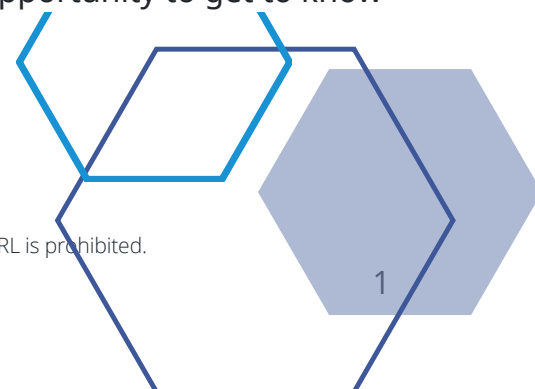
IBM is literally the oldest technology provider to the airline industry. It developed the Sabre system with American Airlines in the late 1950s. Flyr is one of the newer ones having been incorporated in 2013. The partnership between the two of them could become very significant as the industry moves towards modern retailing techniques based on Offers and Orders.

In recent years IBM has moved away from supplying its own technology to airlines. It still provides the TPF and ALCS operating systems but these are present in a diminishing number of data centres, having been largely replaced by so-called open systems. IBM's strength now is in the implementation and integration of large-scale projects using technology from well-qualified vendors. Flyr on the other hand has raised close to \$900 million in equity and debt to develop a completely new commercial environment based on the principles of offer and order management. Having no legacy base to support it has been able to use current technologies including artificial intelligence in its products. On the face of it this is a near perfect match of capabilities.

IBM brings the credibility of its brand and history to bear in selling Flyr's technology to an industry that is conservative and risk averse given what is at stake. Its brand would certainly be harmed if it partnered with an organisation that failed to deliver a working solution at size and scale so we can only assume that it has done extensive due diligence before entering this arrangement.

T2RL understands that IBM and Flyr may already be working together on an as yet unannounced airline project. This has given each party the opportunity to get to know the other and build mutual confidence.

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We see this announcement as a significant vote of confidence in the Flyr technology by IBM and IBM's integration capabilities by Flyr.

THE SPECULATION

One promise of "Modern Airline Retailing" as it is described by IATA is that it will encourage new entrants to the market for airline commercial technology. Over the last few years that promise has been largely undelivered. SAP announced that it would not go ahead with its airline Offer and Order solution just a few weeks ago. Previous projects such as SITA Horizon, Lufthansa Systems' FACE and ITA Software's new gen PSS for Air Canada all failed to gain traction and lost 100s of millions.

Flyr has the potential to be different. It has invested hundreds of millions of dollars in building and buying-in new technology. It has already been used in production, albeit with a small low cost airline that only lasted a couple of years. And it now has the support of one of the biggest and most experienced systems integrators in the world. This might actually be the one.

An open question remains around the D in OOSD. Flyr does not currently have a delivery capability and any bid to replace the whole commercial stack at an airline will need one. There is a very limited number of modern departure control systems in the market and IBM would do well to consider whether it should add one of them to the partnership that it has established with Flyr.

T2RL Travel Technology Research Ltd, is an independent sourcing and research company that specializes in airline technology and distribution. Based on data since the year 2000 it has tracked industry trends for airlines as well as their IT providers, distribution partners, and customers. All parties use its research to make informed business decisions to meet current and future needs. For further information, visit our website at www.t2rl.com.

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