Airline Retailing
Being NDC Ready

Mini-Guide for The Travel Manager

Business Travel: Version 2.0

Introduction

Are we there yet?

In 2015, supported by consultancy Festive Road, IATA produced the first version of an NDC Change Readiness Guide for the corporate travel manager, travel management company (TMC) and self-booking tool (SBT). The guides were intended to introduce the business travel community to IATA's New Distribution Capability (NDC) and a new era of airline retailing back in the heady days of growth and an appetite for revolution.

After version 1.2 was produced in 2018 the expectation was that the sector would see a steady rise in the application of NDC through the value chain. The reality was some pockets of progression over the next 2 years whilst the value chain took time to align and smooth out the bumps of modern distribution through [Taskforces](#) and technology developments.

We seemed to be getting there. And then at the beginning of 2020…well, you, more than anyone know the story because you lived it through 2020 and 2021.

Whilst the heralded arrival of NDC has been somewhat muted since 2019 because of the pandemic, it's clear that a number of airlines, aggregators and agencies have actually accelerated their modern distribution technology developments during the pandemic.

And here we are in 2022. On the dawn of a new era of travel management – where sustainability, wellbeing and accessibility dominate the landscape alongside operational return and the debate around the very purpose of travel to corporations and the world.

And that means that the case for modern airline distribution has never been greater. Not just for and from the airlines themselves, but across the whole value chain.

But Are We Really There yet?

The case for NDC and the wider API landscape in 2022 is clear on many fronts.

The Industry Appears Aligned - The "Golden Release" of an NDC standard (21.3) was made in September 2021 after considerable industry alignment. This release is widely believed to be the standard to which the entire value chain can work towards. IATA's continuous engagement has ensured that the voices of TMCs, through the Global TMC Executive Council (GTEC), were heard alongside those of the technology distribution providers and other stakeholders.

Buyer Voices Are Louder Than Ever – The need to demonstrate the value of travel management programs by travel managers has never been more pressing. And NDC has the potential to align delivery at the point of sale with travellers needs and the provision of something extra by travel managers

> "The potential for NDC to align with emphasised corporate needs across sustainability, wellbeing and accessibility has never been greater."
>
> **Diane Lundeen Smith, Global Travel Sourcing manager at Microsoft**, talking at the IATA DDR Conference October 2021

and corporations. IATA's Travel Manager Advisory Group (TMAG), which comprises 40 global travel managers, talks about the potential value of NDC right now to support their objectives.

Airline Have a New Urgency – Whilst NDC has always been pitched as a way to start delivering new retailing capabilities through the indirect channel, to match the experience airlines provide through their direct channels, there are now three additional drivers which will create faster adoption;

Singular Focus - Those airlines which have continued to invest in NDC wish to see a move from running two distribution strategies to one. Rather like the pressure to move from paper to e-ticketing, we are likely to see the industry set deadlines for migration to NDC and wider API distribution.

> "Finnair plan to remove traditional EDIFACT distribution by 2025."
>
> **Rogier van Enk, SVP Customer Engagement at Finnair**, talking at the IATA DDR Conference October 2021

Cost Savings – Value creation and distribution cost savings may have always been part of the rationale for modern distribution, but it would be fair to say that the impact of the pandemic on airline revenues means that the potential for value creation, cost savings and increased revenue potential which modern distribution could bring is more attractive than ever.

Customer Centricity – The need to know who your customers are and provide services which suit their needs is now more important than ever. It has always been important of course, but there appears to be a renewed vigour in creating channels which allow the airlines to know who they are creating offers for and when.

So, will we see an explosion of NDC content in 2022? Like all predictions at the moment that's a hard one to call but with the Global Distribution Systems now starting to roll out solutions at scale we will definitely see an acceleration of enhanced content and an increased desire for airlines and the value chain to discuss how best to create value (e.g., through enhanced content distribution) for the ultimate benefit of their customers.

This is why, as a travel manager, you need to be prepared for those conversations and why we have written this simple mini guide.

Being NDC Ready

What does "NDC Ready" mean?

Getting "NDC Ready" means ensuring that your travel program, policies, and supply chain can deal with and potentially take advantage of the change to airline retailing which NDC will introduce.

Reacting To the Changing Airline Landscape

Being program-ready to be able to cater to the changes being introduced by airlines is key.

These changes include;

New Pipes - Distributing content through new distribution pipes will continue. In many ways, this has been the first stage of the NDC evolution as airlines create the pathways for distribution of existing fares. The next stage is the building of more pathways through both traditional value chain participants and new providers.

Different types of content - Initially we've seen bags, seats and lounge access as the type of ancillaries which are being offered through the new, indirect channel pipes. This is part of the first phase as airlines start to pull through content which has been available on their direct channels. But the beginning of defined bundles, fare families and personalised offers is under way.

NDC also facilitates richer content – this means that user interfaces will benefit from more images, descriptions and other types of media to better define products and services.

Continuous Pricing & Dynamic Bundling – With the move to NDC, airlines have in-sourced content creation, including pricing. With this in place they can move from a defined set of buckets of fares to continuous pricing, whereby an infinite number of fares are available if they wish. Initially we are likely to see an increase in the number of buckets but as technology investments realise, the sliding scale of fares will become far more sophisticated. The control, development of different product attributes and flexibility allows the airline to build product bundles as they wish, to cater for a potentially infinite number of market needs – this is called Dynamic Bundling

Dynamic Pricing – The result of continuous pricing and dynamic bundling is the ability for airlines to exercise total dynamic pricing. And as the shopper's preferences become clearer* the ability for the airlines to personalise the offer through tailored bundles *and* tailored fares will become a reality.

* The right to shopper anonymity is enshrined in the US DOT approval of NDC, so shopper identity is not something required. However, to provide personalised services some information will naturally be needed.

Addressing the Internal Need

But apart from reacting to the changes being created by airlines, there's an internal need too. Travel managers are increasingly challenged by the 4 C's: Content, Customer, Care and Control.

We are constantly hearing that the supply chain is not providing the content which travellers crave, that the travellers are increasingly vocal about the need for better servicing and that retaining some control over all of this is becoming more challenging.
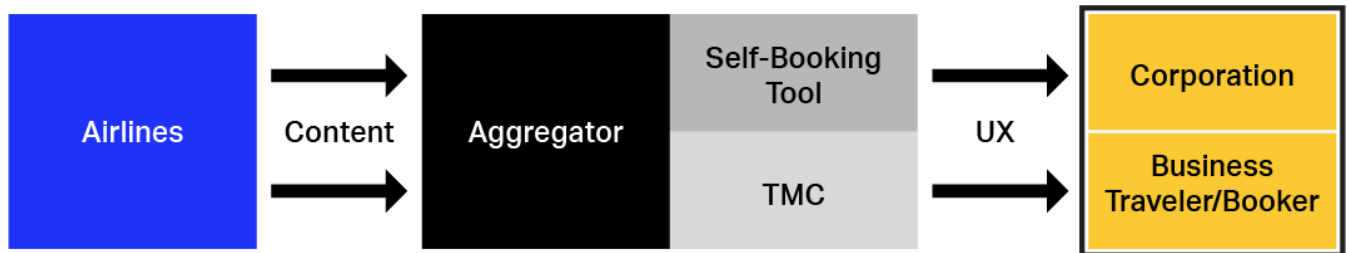
Figure 1: The airline indirect value chain

Providing better content to address these challenges is critical for travel managers to demonstrate value of their corporation's travel program and the value of their role to manage it.

4

Getting Program-Ready

Ensuring that you are taking the steps to be ready for NDC content is important, but it also very much depends on your travel program priorities, your appetite for new content, your program profile, and your existing value chain.

To help your preparation, we created this 5-Step checklist, which you can follow point by point.

Step 1 Understand the Impact and Opportunity	Step 2 Assess your supply chain	Step 3 Define the project elements	Step 4 Engage stakeholders and development plan	Step 5 Execute the plan and review
Ask yourself; **a.** Do I know what NDC is and what it will do? **b.** Do travellers book ancillaries? Do I have programme leakage? Are there some specific fare families or bundles which would bring value to my travellers and program? **c.** How does it affect me? e.g. Does my programme mean I should take action or is it better suited to my TMC partner? Are there regions in my programme this will affect more than others?	**Ensure you;** **a.** Know what my key airlines retailing strategies are? **b.** Know how ready your chosen technology aggregators are to consume NDC content **c.** Talk to your TMC & Self Booking Tool partners about their ability to get content **d.** Consider the need to engage directly with technology aggregators	**Think about;** **a.** How the following needs to evolve to cater for NDC: • Travel Policy Guidelines • Data systems • Traveller profiles • Traveller communication **b.** Assess the benefits & define a clear ROI **c.** Ensure NDC features in RFPs	**Plan well;** **a.** Identify the most important internal stakeholders. **b.** Bring them together with key suppliers at relevant times to draft a forward path – e.g. HR for enhanced profiles **c.** Use sustainability, wellness and accessibility as drivers	**Implement;** **a.** Ensure there's a single plan leader **b.** Review progress with airlines and suppliers **c.** Maintain contact with industry peers and NDC experts
Check ☑ ☐ 1a ☐ 1b ☐ 1c	Check ☑ ☐ 2a ☐ 2b ☐ 2c ☐ 2d	Check ☑ ☐ 3a ☐ 3b ☐ 3c	Check ☑ ☐ 4a ☐ 4b ☐ 4c	Check ☑ ☐ 5a ☐ 5b ☐ 5c

Creating a Business Case for Change

The following extracts are from an interview with a leading, global travel manager* who built a business case for the consumption of NDC content and disrupted their existing supply chains to bring their vision to life.

IATA: So, where do you start when building a business case with a technological subject like NDC?

Travel Manager: "I guess there were two areas we focused on at first which shaped our approach.

The traveller experience: Firstly, we took the time to think long and hard about the broader picture, our internal travel programme & improving the travel experience. We made sure that we understood at a high level what we wanted to offer to our travellers. This was really important to us for two reasons. One, because travel is such an integral part of the business operation and happy, productive travellers result in benefits to the company. And two, because we felt there was a direct link between staff retention and the impact of frequent travel. It was important to start here and think this way regardless of any direct cost savings we may also achieve for the company.

We started thinking about the traveller experience in its broadest sense of course, beyond technology or any one sector, but as we got into air, we started to feature NDC as a vehicle to facilitate what we were aiming for – to create greater traveller choice and added amenities to alleviate the friction caused by travel.

The application of technology: Secondly, we thought about how we can use technology to drive enhancements. We laid out the "art of the possible" – what we could theoretically achieve. We looked at the existing service landscape and did a lot of research on new entrants including looking at pure technology companies who seem to be interested in the travel space. We made sure that we connected and listened to the market, and this took quite some time, but it was so, so valuable to do and really informed our thinking and helped us understand what was truly possible. It's easy to have a great idea but you have to know if it's achievable when thinking about the business case."

IATA: So, what next, how did you outline the business case itself for your company?

Travel Manager: "Well, whilst we started with the traveller experience, once you have to go and get leadership buy-in you have to have all the right reasons for the team to fully consider the proposition. So, alongside improving the traveller experience and why this was valuable to the company we also considered three other key areas.

Savings through the removal of value chain costs – from merchant fees to aggregator fees and incentives to what we were being charged per PNR through a TMC and all the way through any hidden costs we could. We quantified the savings and value as best we could, we used our existing data and analytics capability to create hard data to be used. But we also needed to make assumptions based on publicly available insights. We used averages, ranges and medians to build out the financial savings achievable. And when we presented the financial business case, we naturally had to include any upfront investment in order to achieve a pure annual, ongoing savings.

Creating a development foundation (and mitigating risk) for the future – but it shouldn't all be about the money either and creating a broad business case makes it much more powerful. So, we made sure we could get across that this was also about creating a foundation for future development. Interestingly, when we started to think that way, it co-incidentally amplified the financial business case because it meant we could consider any potential future industry scenarios and mitigate for those too. For example, we felt

6

that there could be a widening of "distribution cost charges" and that the incentives paid by aggregators to TMCs might well come under future consideration and this would affect TMC charging. So, there's a future proofing piece here too.

Doubling down to enhance the opportunity – we recognised that if we were making the case for change in one area, there were also other angles which could help amplify the case and expedite change. For example, when we looked at proposing a different booking pathway for some airline content, we proposed implementing a different form of payment alongside it. One pathway of change but multiple components of value.

Being clear on our red-lines – we prepared ourselves for the challenges we would get and from the outset we made it clear what our red-lines were, we knew what we wanted to ensure was maintained. Policy adherence, data integrity, travellers not being able to upgrade themselves at a whim etc., all of these types of things were inherent in our approach from the outset, and we made this clear in our business case. There's no point going down a disruptive pathway if everything you hold dear is lost, and we knew our leadership would feel the same.

IATA: Who did you pitch the business case to?

Travel Manager: "We pitched it both internally within the company, but of course there's an external angle to this too.

Internally – we aimed as high up as possible. We started with our CPO to get buy-in to our strategic vision and then we extended across the wider leadership with the CPO's support. There was a lot of opportunity to save money and improve experience, but changing the travel programme for a large company means you have to go wider across the leadership as soon as possible otherwise you'll hit some road bumps. And, no matter what all the additional benefits are, it's important to remember that the lens is often very monetary focused as it's quantifiable.

Externally – we also felt it was important to pitch to suppliers. We started discussing things at a high level with our airline and hotel partners. We needed to know if there was an appetite from suppliers to engage in a new approach as it would require work on both sides.

Then we shared our vision with the TMCs, OBT, etc to see who would embrace our vision and to help us achieve our objectives. Whilst engaging these suppliers was the right thing to do, it's important to note that this could alienate any suppliers who feel threatened, left out or to whom the vision isn't attractive because it doesn't align with their business model. You need to have a pivot mentality and ensure you know which suppliers also have that as well – and if they don't, well then you need to be prepared to seek out other suppliers who share the philosophy too".

> "The biggest reason for success was having a leader who really believed in what we were doing and refused to give up any time we had roadblocks."
>
> **Global Travel Manager**

IATA: Did you meet any resistance and how did you prepare for that?

Travel Manager: "We thought about this in advance. Again, we thought about it in internal/external forms.

Internally – The leadership wanted to make sure that the "aggressive change" was done "the right way", that it was ethical, truthful etc. But as long as we could clearly show it was going to add value there really wasn't any resistance.

Externally – With the supplier community it was important to do our planning. We expected to hit external push-back, and we didn't underestimate it. We scenario planned, had legal review contracts and where possible we timed decisions with contract expirations – it creates an easier path to success."

The NDC roll out for this travel manager is expected in 2022.

Summary

As most travel managers need to seek specific leadership support to push for change, this business case outline helps buyers reflect on their travel programme priorities and the approach needed for driving innovation. Being "NDC Ready" is important, because being ready means that you are anticipating change, but the extent to which you implement change will very much depend on the objectives and appetite of your company, the value any change will create and ultimately the importance you place on the impact of travel on your company's employees.

* The global travel manager wished to remain anonymous due to ongoing commercial discussions at the time of publication

Supporting Resources "Live" Examples of Consuming NDC Content

Every year the travel managers from the TMAG come together to call on the industry to submit case studies on NDC adoption so that we can all learn what worked, where improvements can be made and consider where the value lies at the IATA Business Travel Summit. There are also other events where case studies and deeper insights have been shared. Here we provide a recorded resource list for you to be able to hear first-hand how some of the early-stage NDC adoptions have progressed;

Resource 1 – BCD & Siemens

A 10-minute video case study in 2021 on how Siemens have worked with BCD to introduce NDC content to provide value-added services to Siemens employees.

Resource 2 – CTM & Australian College of Rural & Remote Medicine

A 10-minute video case study in 2021 on how Corporate Travel Management (CTM) have worked to create tailored offers for the SME market.

Resource 3 – ATPI & Value Retail

A 10-minute video case study in 2021 on British Airways for a specific corporate customer and on their work with Lufthansa to bring NDC marine content.

Resources 4 & 5 – FCM & Parexel

A 45-minute interview (For Paid GBTA Convention subscribers only) style session created by FCM & Parexel for GBTA Convention 2021, moderated by FESTIVE ROAD consultant Aurelie Krau

A 25-minute video from 2020 of FCM Travel Solutions together with their IT partner Amadeus and the corporation Parexel on how NDC content from American Airlines can be compared and booked by a corporate traveler through the Amadeus Cytric Travel & Expense online booking tool

Resource 6 – CTM & Qantas

A 25-minute video from 2020 of CTM together with their Airline partners Qantas and Singapore Airlines on their NDC content integration available via their OBT, "Lightning".

Resource 7 – AmexGBT & American Airlines

A 25-minute video from 2020 of American Express GBT on their live NDC integration with American Airlines

Resource 8 – TripActions, LH Group & Shopify

A 25-minute video from 2020 of TripActions, Lufthansa Group and Shopify on their NDC integration and its benefits.

Resource 9 – Technical Questions to Ask in a TMC RFP

A resource created by the IATA Travel Manager Advisory Group **Find Out More**

To find out more about NDC and its part in the future of airline retailing and for more information, case studies and resources visit NDC In Action at https://www.iata.org/retailing/

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