

# ascend

Taking your airline to new heights

## *JET STREAM*

A conversation with Wolfgang Prock-Schauer, the chief executive officer of Jet Airways.



### Special Section

#### FUELING UP

A look at the rising cost of fuel and its effect on the industry.



#### INSIDE

6	Turboprops make strong comeback
36	WestJet saves US\$5 million annually
78	GOL scores big in Latin America

# “Cache”ing Out

*The new generation of availability for the Sabre® global distribution system, which was recently deployed by Continental Airlines, provides accurate availability responses in a high-volume transaction processing environment, thereby reducing lost demand and improving customer goodwill thorough Sabre Connected<sup>sm</sup> points of sale.*

■ By Ben Vinod and Rob Emrich | *Ascend* Contributors

The exponential growth in online bookings during the past decade has provided customers with instant access and visibility into competing schedules and fares through Web supermarkets such as the *Travelocity*® business and Expedia. This unparalleled transparency of schedules and fares on the Internet has propagated a bargain-hunting mentality among online leisure travelers, resulting in a disproportionate growth in availability processing resulting from increased shopping activity. As a result, the need for enhanced revenue and inventory control has never been greater. Due to the growth in online shopping coupled with the use of robotics for comparison shopping across Web sites, estimates show the look-to-book ratio from online channels can vary from 100-to-1 to well over 1,000-to-1 in certain markets. If these individual shopping requests were submitted to an airline’s host computerized reservations system, legacy mainframe systems cannot cost-effectively scale to meet current or future shopping demands.

In addition, online Web supermarkets resort to cached availability for two reasons: reduced transaction costs associated with querying an airline’s host CRS for true last-seat availability and faster response times from availability data that is readily available in cache. The cache is periodically refreshed based on the age and use of the availability data. When an item is not found in cache, the response to an end consumer can be based on pre-stored availability status messages or a direct query to the host CRS to refresh the cache.

Unfortunately, cached inventory is often inaccurate because most online channels store this information by segment class, and, therefore, operational business rules are not reflected. For airlines that manage their inventory by origin and destination, the segment-class cache does not reflect O&D class

availability. To address this problem, the *Sabre Holdings*® business was the first to deploy cached availability by O&D, class and country point of sale. This was an industry first and constituted a step improvement in accuracy of availability displays over cached availability by segment class. However, while O&D cache was a vast improvement over segment cache, it was still at a higher level of aggregation than the level of detail at which inventory needs to be controlled on the host CRS, resulting in availability errors.

There are two types of availability errors that occur when the cache does not reflect the true availability:

- A type 1 error occurs when the cached availability for a booking class is open while the class is truly closed in the host CRS. A type 1 error can also result in the customer experiencing a price jump, which leads the customer to think the available fare displayed is higher than the lowest available fare.



Photo by Stephen Cahn/Shutterstock.com

Online booking offers travelers immediate access and visibility into airlines’ schedules and fares, which has led to a bargain-hunting way of thinking among online leisure travelers.



Continental Airlines uses *Availability Proxy* to minimize errors that occur when the cached availability for a booking class is closed when the class is truly open in the host CRS or when there is a price jump leading the customer to believe the available price presented is higher than the lowest offered fare.

■ A type 2 error occurs when the cached availability for a booking class is closed while the class is truly open in the host CRS. A type 2 error can result in lost sales for the airline, because the customer never sees the airline's inventory that should be available for sale at the given fare level.

These errors result in higher UCs, or "unable to confirm" at sell, which, in turn, results in lost demand and loss of customer goodwill. To help minimize such errors and improve the data displayed to customers, Sabre Holdings developed the *Availability Proxy*, which improves on previous cached availability because it determines true last-seat availability by replicating an airline's availability and business logic resident in the host CRS without directly submitting availability requests. The solution also serves as an availability offload, or bypass, for the host CRS without losing accuracy in availability responses.

For launch customer Continental Airlines, which has managed seat inventory by origin and destination with bid price controls for more than a decade, the value

proposition of deploying the *Availability Proxy* for Sabre Connected points of sale was self evident. With this approach, all availability and shopping transactions from Sabre Connected points of sale are processed directly by the *Availability Proxy* for true last-seat availability.

"We are in the process of deploying the *Availability Proxy* for Continental flights across all Sabre Connected points of sale," said Greg Lough, managing director of revenue management for Continental Airlines. "The test results indicate that UCs will be reduced by an order of magnitude, increasing the probability of customers being able to book a Continental flight on their first choice."

Continental Airline's host reservations system, Shares, continues to send standard and ad hoc schedule change messages (SSM/ASM) and availability status (AVS/AVN) to the Sabre® global distribution system, which also relays this information to the *Availability Proxy*. The airline uses its open-systems platform, eSeamless, to mirror Shares availability and process all consumer direct availability requests. The

eSeamless platform acts as an intermediary, or communication vehicle, between the *Availability Proxy* and Shares, and sends bid prices and displacement costs to the *Availability Proxy* every time there is a change in bookings by flight leg and date in Shares. All market values (required for the O&D availability evaluation) are updated by Continental once a week and net changes are processed daily by market on an exception basis.

The dramatic reduction in UCs with the deployment of *Availability Proxy* will greatly benefit Continental. An added advantage for Continental Airlines is the offload of availability transactions from Shares since cache need no longer be refreshed by querying Shares.

Sabre Holdings plans to deploy the *Availability Proxy* for all Sabre Connected points of sale. ■

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