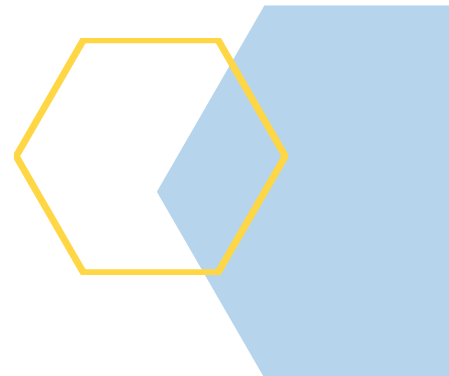




FIRST VIEW
September 2022



FLYR Labs Driving Competitive Dynamics for PSS





THE FACTS

FLYR Labs has announced the acquisition of Pribas. Commercial terms were not disclosed.

THE ANALYSIS

Only two months after its acquisition of Newshore, a provider of e-commerce, customer management, and content management solutions FLYR Labs has announced another significant addition to its portfolio.

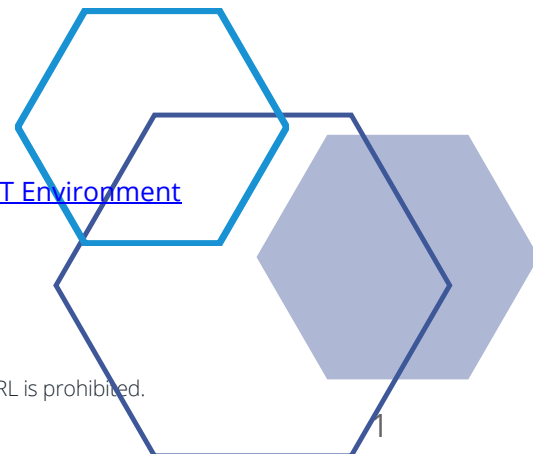
At the time of the Newshore purchase we noted that FLYR Labs was one of a group of companies looking to create a new technology solution to meet airline commercial IT requirements.¹ We identified other members of this group as Accelya, PROS – and Pribas. We noted that each of these players has strength in some areas but that none of them yet has a complete solution. They all need to add capabilities either by sustained development effort or by acquisition.

Armed with \$150 million in Series C funding agreed just under a year ago it is clear that FLYR Labs has made acquisition a big part of its strategy. Pribas adds inventory and merchandising to the core FLYR Revenue Operating System and Newshore's e-commerce. This will create a comprehensive solution to the Offer-Order-Settle parts of the new distribution paradigm. What's more, Pribas brings a real live customer airline using its solution in production. There will be a certain symmetry in Flyr the airline using an IT solution from FLYR Labs, although whether this will be more or less confusing than the status quo is a matter for debate.

All acquisitions made on the basis of synergies in product lines come with integration challenges. We must assume that the management of FLYR Labs has a clear plan for the integration effort.

¹ [Competition for the PSS - Piecing Together the New Airline Commercial IT Environment](#)

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Once it is complete the combined product line will be a force to be reckoned with, featuring FLYR Labs offers made available by the rich Pribas APIs using NDC (XML) or other more efficient technologies such as JSON in the indirect and direct channels

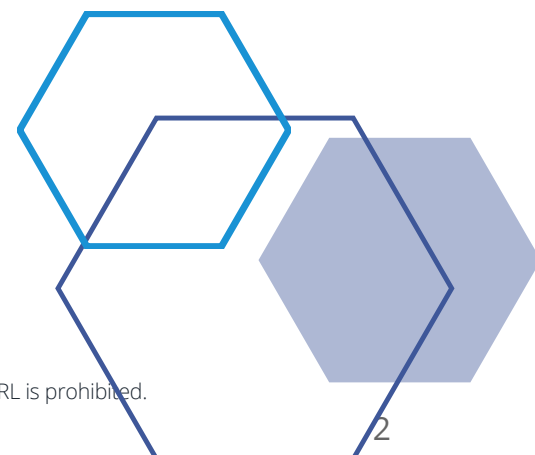
Meanwhile the clock has not stopped for the competitors. PROS has been recruiting experienced talent to spearhead its own foray into Offer/Order. Accelya has been quietly going about its own developments. Of course the incumbent PSS providers cannot have failed to notice what is going on. Amadeus will certainly announce an Offer/Order option for its PSS customers and second tier providers such as IBS and Hitit would claim that they are already Order-based. Sabre is also ploughing ahead with its native Google cloud developments for Offer-Order-Deliver.

The “new generation” pretenders to the \$2+ billion/year PSS market have many things in common and one of the most significant is that none of them can yet address the final component– delivery. Traditional PSSs have a Departure Control System (DCS) that is integrated with the selling system to a greater or lesser extent. While it is possible to hand off control of flights to a separate DCS, the technical standards for doing so are decades old and do not support the kind of airport and pre-departure retailing that airlines want to do in the modern world. IATA’s ONE Order standard defines both push and pull exchanges between the Order Management System and the Delivery system. These exchanges are much more comprehensive and versatile than the PNL/ADL message standards in use by traditional systems. Any provider with aspirations to a complete revamp of the airline commercial environment needs a delivery system capable of working with the new standards.

THE SPECULATION

FLYR Labs is well funded and has shown an appetite for acquisition in its bid to build a comprehensive new generation system.

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It may still be looking for solutions around disruption management, payments and loyalty but the highest priority must be to get access to a capable delivery system.

The most straightforward way to achieve this would be to acquire a modern DCS. The two obvious candidates would be INK Aviation and Res2. These privately-owned European companies both offer a DCS built on contemporary technology that would be capable of working with the ONE Order exchanges. Slightly less obvious candidates would be the DCS components from SITA's Horizon development or Unisys's AirCore solution. Both of these PSSs have effectively been abandoned but that may mean that components would be available in the market at a knock-down price.

T2RL believes that FLYR Labs would be more comfortable dealing with the technology and culture of specialist providers Res2 and INK than with the corporate inertia of SITA or Unisys. On the other hand, if our expectations of PROS and Accelya are valid, there may be more buyers in the market than there are good modern solutions, so we should not completely discount Horizon and AirCore.

T2RL is an independent research and consulting company that specialises in the market place for airline IT systems. Based on data gathered and analysed since the year 2000 it has defined and tracked classifications of airlines and their IT providers. Its research is used by airlines to enable them to make informed choices of systems and vendors and by the vendors to help them develop products that best meet the current and future needs of the airline industry. For further information, visit our website at www.t2rl.com.

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