2. Business lines
2. Business lines

2.1 Introduction

Amadeus operates a number of complementary business lines, which have significant commercial and technological synergies. Through these different businesses we offer solutions and services for travel companies of all types all over the world.

Distribution

We operate a two-sided distribution business. On one side we have travel providers (airlines, hospitality providers, car rental operators, railways, cruise lines, etc.) and on the other we have travel channels (travel sellers such as online travel agencies, retail travel agencies, business travel agencies, consolidators and tour operators, or buyers like corporations).

Through our platform we give travel channels customers access to content of connected travel providers so they can search, plan and book complete travel experiences for their customers (travelers). Meanwhile, we give our travel provider customers efficient global reach and help them to position their offer more effectively, for example for the sale and management of ancillaries or travel extras.

We offer travel channel customers solutions to better serve their customers (e.g. with personalized travel search and planning) and to operate their business more effectively (e.g. with front-, mid- and back-office solutions). We help our customers to deliver an integrated traveler experience with important business benefits, such as integrated travel and expense management solutions for corporations.

Within our distribution business we have a virtuous cycle: by offering more and more relevant travel content together with customized solutions, we attract more and more travel channel customers. At the same time, by offering access to the strongest global network of travel channels, we are a partner that can help travel providers grow high-margin sales. And with a platform that is flexible enough to accommodate an increasing variety of distribution models and that makes the most of the latest technologies, we help all our customers deliver better travel experiences day after day.
IT solutions

Airline IT

We help airlines deliver on their business objectives. Whether they are full-service, hybrid or low-cost airlines, we deliver solutions to help them grow revenue, optimize costs and efficiency, and build brand and customer loyalty.

How? By helping them to provide travelers with a consistent, personalized customer experience throughout every stage of the journey, from inspiration, search and booking, to pricing, ticketing, check-in and boarding.

Offering a great traveler experience helps airlines to increase customer loyalty and differentiate their brand from others. We also offer airlines unique possibilities to collaborate with their alliance, codeshare and other strategic partners to maximize sales, through the largest global network of travel agencies and through direct channels.

We work in partnership with our airline customers to deliver a broad set of technology solutions to optimize core operations, including solutions for reservations, ticketing, inventory management, departure control, disruption management, retailing and merchandising, personalization, revenue optimization and finance. We also provide them with business consulting and process optimization services. Importantly, our platform is adaptable to accommodate airlines’ evolving business models and expansion into new markets and partnerships.

Diversification into new areas

Amadeus provides technology at all stages of the traveler journey, and we have the capability to serve almost every player in the travel industry. This puts us in a unique position to diversify and grow our business in new markets.

Over recent years we have been diversifying our business to provide technology solutions to other key sectors in the industry, such as hospitality, airports and ground transportation, as well as to transversal operational areas that are relevant to all travel industry players, such as payment systems or travel advertising.

In hotels and hospitality, notably in 2018 we acquired TravelClick, which significantly boosts our already significant customer base and capabilities in this sector. We also have a relevant and increasing presence with airports and ground handlers, and railways and ground transportation.

We continue to expand our scope of solutions in areas like payments and travel advertising. As well as being strong businesses in their own right, these complement our solutions offering to customers of all profiles.

Amadeus at the heart of travel

Travel providers

- 470+ airlines
- 115 airport operators
- 126 ground handlers
- 34 insurance provider groups

IT solutions

- 90 rail operators
- 770,000 hotel properties
- 20 cruise and ferry lines
- 43 car rental companies

Distribution

- Provision of indirect distribution services

Travel providers

- Travel agencies
- Travel management companies
- Tour operators
- Online travel agencies

Travel sellers

- Metasearch
- Media players
- Others

Connecting the travel ecosystem

Travel buyers

5 million passengers boarded per day

Travelers

Corporations

20 bookings every second
2.2 Distribution

Travelers are now more empowered and demanding than ever before. They want choice, transparency in pricing and personalization. Technology is the main driver behind this change, as new ways of working and connecting open up a myriad of possibilities for travelers and the brands that serve them, changing the way travel is bought and sold.

The goal of the distribution part of our business is to be where travelers are buying trips. We do so by allowing providers of flights, ground transportation, accommodation and other services to distribute their content to a global network of diverse travel sellers and corporations, so that travelers can have access to all the travel services they want.

To respond to these changes, we are evolving from a Global Distribution System (GDS) to becoming a Live Travel Space. The Live Travel Space is where all players can connect and collaborate to offer travelers the journeys they want via a wide range of options, right when they want them. This space enables our customers’ growth so that they can serve travelers better.

Amadeus total bookings* (figures in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Air bookings</th>
<th>Non-air bookings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>526</td>
<td>467</td>
</tr>
<tr>
<td>2015</td>
<td>566</td>
<td>505</td>
</tr>
<tr>
<td>2016</td>
<td>595</td>
<td>535</td>
</tr>
<tr>
<td>2017</td>
<td>632</td>
<td>568</td>
</tr>
<tr>
<td>2018</td>
<td>643</td>
<td>580</td>
</tr>
</tbody>
</table>

* Bookings processed by travel agencies using Amadeus distribution platforms.
while making it easier for them to sell travel in a more efficient and personalized way.

We also continued our efforts toward industrializing the New Distribution Capability (NDC) standard, ensuring it works for the industry as a whole through our NDC-X program.

Our investment in creating a more personalized, connected and sustainable future for travel has led us to win four World’s Leading Travel Awards this year: World’s Leading Global Distribution System 2018, World’s Leading Travel Technology Provider 2018, World’s Leading Travel Management Solutions Provider 2018 and World’s Leading Travel App 2018.

In the following sections, we describe in more detail the Amadeus Travel Platform, our four key customer focus areas, our mobile technology and our NDC-X program.

Our innovative technology: the Amadeus Travel Platform is at the core of our strategy

As changes in travel behavior continue to challenge current business models, we see technology as a key enabler to this change. We are evolving the Amadeus Travel Platform to shape the future of travel.

The Amadeus Travel Platform is a robust platform built on fully open systems, harnessing intelligent use of data and integrating new interfaces and architectures. It is a one-stop shop that brings together all relevant content – including air, accommodation, rail, mobility, insurance and destination – from any source (EDIFACT, NDC and other APIs). The platform today, and the changes that we are making to it, will allow us to continue to offer the broadest range of global content to all types of travel sellers all in one place, accommodating different business models.

---

1 NDC: An XML-based data transmission standard created by the International Air Transport Association (IATA).
3 Electronic Data Interchange for Administration, Commerce and Transport.
4 Application Programming Interface.
Our customers are part of the Live Travel Space

“We are really excited about the Amadeus Live Travel Space because of what it brings in terms of technology advancements. Bringing extra-rich content to all the platforms and the whole experience with NDC. Personalization, all the ancillaries, all will come easily in one sort of single platform, but also the fact that it’s completely future-proof.”

Andrew Woodman – Lotus Group

“Travelers are looking for very personalized services, both online and offline. When they visit a website, they want the company to understand their requirements and present a very personalized set of options. One of the key concepts of the Live Travel Space is that concept of choice.”

Sam Argyle – Alternative Airlines

With content becoming available from multiple sources, possibly under different business models, it is paramount for travel businesses to be able to manage and customize that content for their own business. With the Amadeus Travel Platform, we are able to give flexibility and autonomy over how content is sourced, managed and displayed.

We are working to further develop our system of powerful management controls to allow travel businesses to define content sources, displays, preferred options, payment systems and more – enabling agencies to develop and personalize the right offer for each traveler, and to optimize each and every trip for their business.

And of course, the platform has massive search capabilities, the same search technology that the world’s largest metasearch engines and online travel agencies rely on, with instant, easy and accurate fare comparison.

With the Amadeus Travel Platform, travel sellers are able to deliver a fully integrated customer experience by bringing together all relevant content and exposing it via multiple channels and touchpoints. It is revolutionary, giving travel sellers a transparent retailing experience that is consistent no matter where the booking is made or how they want to service their customers – via a self-booking tool, a mobile or tablet, a website, an office location or a chatbot.

The evolution of the Amadeus Travel Platform is an extensive, phased project, but we are taking an agile approach so we can deliver practical solutions faster. The first results of our development and integration efforts have already been launched, and we are committed to making the whole vision a reality in the near future – thus future-proofing our platform, our business and the businesses of our customers.

Retail travel agencies

In a fast-moving travel industry, traveler preferences continue to define the leisure travel market, as choice, price transparency and personalization are now expected by all. In addition, the dynamic travel sector is constantly reshaped by new entrants, new models and new approaches to retailing.

Amadeus serves thousands of retail agencies in every corner of the world. The human touch is a fundamental component
of the value proposition of these agencies. The success of retail travel agencies relies on evolving the types of experiences they deliver while optimizing how they operate and position themselves. Offering greater choice that goes beyond air content, such as destination services, allows retail travel sellers to compete more effectively beyond price alone, and to deliver travel experiences that generate loyalty.

In 2018 Amadeus focused on setting the foundation of the Live Travel Space to support collaboration among all players and, above all, create growth for our retail travel agency customers. With the Amadeus Travel Platform, all our retail customers (tour operators and cruise lines, small-to-medium customers, key accounts, consolidators and networks) now have at their disposal a one-stop shop with access to (among others) more than 470 airlines, 90 rail operators, 300 hotel chains and 230 tour operators, allowing them to define and personalize their offer for the end traveler.

The dedicated team that serves the needs of retail agencies understands this segment’s market, goals and requirements. Our expertise in technologies such as artificial intelligence, virtual reality and machine learning enables agencies to experiment and explore new ways of engaging the traveler. We look forward to continuing to innovate with our retail customers by using technology, and where appropriate new business models, to enable them to compete in a world full of challenges and opportunities.

Online travel companies

As the online travel industry continues to grow on a global scale, it is increasingly becoming the dominant channel for purchasing travel across the world, thus creating multiple opportunities to help leisure travelers with their travel inspiration, search and booking. Online players need to embrace digitalization and adapt quickly to fast-evolving traveler needs.

2018 has undoubtedly been a year of transition in our industry, which has moved toward increased personalization, while merchandizing techniques have driven revenue and business opportunities. The empowered travelers expect brands to know their needs and provide tailored services accordingly, while the industry is embracing the NDC vision.

As part of our NDC-X program, we are working with our customer Travix in co-designing an NDC-enabled solution to help online travel agencies deliver more personalized and differentiated travel experiences. We partner with online retailers and airline suppliers around the globe with a common strategy to create a sustainable global online travel supply chain and value for online shoppers. Our customers span from global mega online travel agencies (Expedia, Ctrip), to multinational companies that operate in multiple markets (Fareportal, ODIGEO), to smaller online travel agencies specific to a region or market (BestDay) and new online start-ups (Relovate.com). Amadeus is a partner to search providers specialized in travel such as Kayak and Skyscanner, but also works with large players such as Google, Facebook and WeChat.

Whether our online customers’ focus is to convert marketing spend into revenue, monetize website traffic, get access to technologies or make use of online travel industry experts, we help online travel agencies around the world compete in this fast-evolving and crowded marketplace to optimize their businesses and drive up true differentiation.

"In a diverse content world, it’s crucial to have one single end-to-end process for booking and servicing NDC and non-NDC content. With NDC, we hope to have richer airline content for our customers, ultimately helping us deliver more personalized and differentiated travel experiences. We’re excited to work alongside Amadeus and be part of the NDC-X program to drive progress for the online travel agency community.”

John Mangelaars
CEO of Travix
To enable this, and as indicated above, we have evolved to become a Live Travel Space enabled by the Amadeus Travel Platform. Thanks to our technology and unique expertise, we support:

- Online travel retailers in boosting traffic acquisition and conversion, increasing shopping cart value, driving down costs and expanding into new markets.
- Travel media companies in increasing their customers’ reach and performance.
- Travel start-ups in scaling up with cutting-edge technology and expertise.

Thanks to our technology and people, we feel well equipped to support and achieve our vision and fuel our online customers’ growth.

Business travel agencies

Across industries and the world, business travel makes business happen. Whether it is for building customer relationships, bringing work groups together to strengthen an organizational culture or networking at an industry conference, face-to-face interaction makes the difference. Global business travel spend is expected to exceed €1.3 trillion in 2018 and is projected to grow at 7% annually in the next four years.4

Digital technologies are changing the way business travel functions. Today’s ways of working – for example mobile or self-service – open a myriad of possibilities for travelers and the business travel agencies that serve them. At the same time, corporations expect business travel agencies to help them optimize travel spend with access to the best content at the best value, deliver great service and a smooth experience for travelers, and ensure proper duty of care. This is where Amadeus distinguishes itself.

Amadeus’ business travel agency organization focuses on powering success for the business travel agencies that serve corporations and business travelers. With a local market presence and a global mindset, we understand business travel agencies and design tailored solutions for their success.

Amadeus offers the broadest selection of travel products to help business travel agencies sell more, while also helping them optimize their revenue per transaction. Our multi-source, multi-rep hotel offering is a great example of this. Agents can quickly compare rates and commissions from multiple sources, offering business travelers the best value while securing the best margin available on each booking.

Each year our global team of business consultants combine their expertise with Amadeus solutions to help agencies around the world automate core processes, improve IT flows, provide greater self-service options and improve agent productivity. In a nutshell, Amadeus makes the complex simple.

In 2018 Flight Centre, American Express Global Business Travel, BCD Travel and Carlson Wagonlit Travel all joined the Amadeus NDC-X program. This program will allow these agencies to realize the potential of NDC, delivering enhanced choice for corporate travelers and transforming the traveler experience.

As business travel is changing day by day, we are continually listening to travelers, business travel agencies and all other customers we work with, while keeping a close eye on trends and behaviors so we can develop technologies that benefit all.

Corporations

As business travel spending continues to grow, CEOs across the world in different industries recognize travel and expense (T&E) investment as a key driver of a corporation’s business growth, as it gets commercial teams out into the field to sell effectively and provide great customer service. At the core of Amadeus’ value proposition, our solutions enable corporations to optimize T&E spend at the beginning of the booking process, rather than controlling it once it is too late during the expense process.

Beyond business growth, from an HR perspective, T&E technology is used to attract and retain talent. Over 30% of respondents in a research piece conducted by the London School of Economics5 wanted to utilize travel to promote employee retention. T&E was also highlighted by many C-level respondents as supporting flexible practices such as remote working. In addition, new technology

---


features, such as uploading expenses via mobiles while traveling, resulted in efficiency gains and improved employee morale. Important to note is that well-being and duty of care are part of the corporation’s value proposition to its employees. T&E technology enables corporations to locate employees in the case of a disruption or emergency, ensuring their safety and safeguarding the company’s reputation.

With corporations increasingly seeking to expand internationally while optimizing their T&E spend, Amadeus is investing in corporate solutions as a strategic pillar of our distribution strategy. We serve over 16,000 corporations worldwide and, thanks to our portfolio of T&E solutions (which includes booking and expense management, mobile, analytics and duty of care), they can optimize their T&E spend with relevant policies while providing the best traveler experience. We further support corporations’ business goals through:

1. Adoption: The more frequently a T&E solution is used, the more value is gained by the corporation. This is why we focus our investment on responsible user interface and user experience and mobile, as well as intuitive interfaces and smart algorithms.

2. Unbiased content: With Amadeus solutions there is no need for business travelers to book outside their corporate tools, enabling corporations to efficiently implement their travel programs. Because of our position in the travel industry, Amadeus is ideally placed to make sure corporations access all the content they need via our solutions and the Amadeus Travel Platform, whether for airline, rail or ground transportation. And we are innovating and developing new ways to provide all this relevant content, both NDC and non-NDC type, so that our corporate customers can compare and decide what they want to provide to their travelers. This way, they can manage T&E in a holistic way, controlling not just their costs, but also optimizing the overall travel budget and ensuring that the corporate travel policy is observed across the entire booking and expense process.

3. Integration: Finally, we work to ensure that this is all done in a seamless way, with solutions that can be integrated with office applications already embedded into the corporation’s existing IT landscape – including enterprise resource planning (ERP) and customer relationship management (CRM) systems – with minimum disruption.

Amadeus powers smarter business travel for corporations worldwide, and with our continued investment in R&D, our people’s expertise and our presence in over 190 markets, we are creating in the Live Travel Space better journeys for business travelers.

Mobile

Growing our mobile footprint

In a fiercely competitive travel app marketplace,⁶ Amadeus has developed a flexible and reliable mobile platform, putting the traveler’s needs first while leveraging our core technologies. Today, over 50 of the world’s top travel brands entrust their mobile strategy to Amadeus and power their travel apps through our Amadeus Mobile platform.

⁶ According to App Annie, one of the world’s leading app store benchmarking sources, travelers download more than 1 billion travel apps annually.
We have not accomplished our mobile success on our own. Along the way, our mobile team cultivated the industry’s best and brightest partners to join us in the Amadeus Mobile COLLECTIVE. Over a dozen top travel brands partner with us in this new strategic mobile partnership initiative to provide high-quality ancillary services at travelers’ fingertips, including activities and tours, parking, and taxi and transfer. Our partnership community also includes some of the best and brightest technical capabilities in the mobile arena. For instance, Localytics, a leading mobile-first marketing and analytics platform, helps us stay connected to travelers with data-driven messaging capabilities.

The world’s leading travel app

Amadeus’ CheckMyTrip travel app brings all of a traveler’s trip details together in one master view. CheckMyTrip improves its design, features and capabilities year to year. As a result, it now serves nearly 2 million active users through mobile apps and responsive Web sites. Our iOS app version maintains a 4.7 star rating, while our newer Android native app enjoys a healthy 4.5 star rating. Our efforts also won us the World’s Leading Travel App Award in the 2018 World Travel Awards. It is an honor to receive this industry recognition of excellence, which we achieved through persistent dedication and collaboration.

Our mobile success is built on the Amadeus Live Travel Space and its open, dynamic and connected approach. CheckMyTrip and our larger Amadeus Mobile B2B platform are the gateways for buyers, suppliers and technology partners to continue thriving in the global travel economy. Mobile is a rapidly evolving channel – chatbots, messengers, voice assistants and soon artificial intelligence and machine learning will change the landscape again. We continue to gather insights from CheckMyTrip and to work diligently alongside our partners and customers to meet the opportunities and challenges these new technologies bring.

NDC-X

At Amadeus, we think NDC has the potential to deliver new benefits for the travel industry. Therefore, Amadeus has created NDC-X, a dedicated program to drive the industrialization of NDC and ensure it works for all travel players. The program brings together all the NDC activities across Amadeus – as an IT provider and aggregator – and focuses on practical use cases of IATA’s NDC standard, in a test-and-learn approach, to deliver improved capabilities for the industry.

The entire travel industry will need to work collaboratively for NDC to truly take off. By working closely together, the industry can unlock new value for travelers, and in so doing generate more business for all.

What does NDC mean for travel sellers?

NDC could bring richer content at the time of booking – more images and information of course, but also videos, traveler reviews and even virtual reality. Not only will fares be displayed, but also bundles of services – all personalized according to the traveler and the trip. Having access to this NDC content in a platform built on open systems will allow everyone to merchandise effectively in all channels and serve travelers simply, quickly and accurately.
The NDC upside for corporations

NDC content will enable corporations to define more granular corporate policies, taking into account ancillaries and personal packages. Business travelers will be able to access richer content that goes beyond the fare and includes a bundle of services like VIP parking, lounge access and priority boarding. All of this could directly be accessed on the online booking tool to simplify the business traveler’s journey.

How Amadeus is approaching NDC

We are working closely with our travel seller customers, including Flight Centre, Travix, Carlson Wagonlit Travel, American Express Global Business Travel and BCD Travel. They are providing input into the design of a variety of Amadeus solutions – including Amadeus Web Services, Amadeus Selling Platform Connect and Amadeus cytric Travel & Expense – which are all backed by our Amadeus Travel Platform.

NDC is a step in the overall journey of the industry toward greater digitalization, with both travel providers and travel sellers working with Amadeus. 

Industry growth

In 2018 industry air bookings grew by 2.9% globally. With the exception of Western Europe, where the industry declined, all regions showed a positive evolution, although with a clear decelerating trend relative to 2017 (except for North America, which has accelerated its growth compared to last year’s). Asia-Pacific reported the fastest growth rate in 2018, followed by North America. Central, Eastern and Southern Europe, the Middle East and Africa and Latin America showed limited growth over the period.

Amadeus bookings

In 2018 Amadeus’ air bookings increased by 2.1%. Asia and Pacific and North America were our best-performing regions, delivering high growth rates. The Middle East and Africa, Latin America and Central, Eastern and Southern Europe increased softly, supported by limited growth in the industry. Finally, Amadeus’ bookings in Western Europe declined over the period, impacted by the industry decline and the loss of share at some European mid-size online travel agencies, as explained above.

Amadeus’ non-air bookings declined by 1.5% in 2018 versus the previous year as a consequence of a decline in rail bookings, mostly driven by strikes impacting a key customer, which more than offset the double-digit increase in Amadeus’ hotel bookings.

<table>
<thead>
<tr>
<th>Amadeus travel agency bookings (Figures in millions)</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air bookings</td>
<td>568.4</td>
<td>580.2</td>
<td>2.1%</td>
</tr>
<tr>
<td>Non-air bookings</td>
<td>64.0</td>
<td>63.0</td>
<td>(1.5%)</td>
</tr>
<tr>
<td>Total</td>
<td>632.3</td>
<td>643.2</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amadeus air travel agency bookings by region (Figures in millions)</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>206.0</td>
<td>191.7</td>
<td>(7.0%)</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>108.6</td>
<td>121.2</td>
<td>11.7%</td>
</tr>
<tr>
<td>North America</td>
<td>99.0</td>
<td>108.1</td>
<td>9.3%</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>69.3</td>
<td>71.9</td>
<td>3.8%</td>
</tr>
<tr>
<td>Central, Eastern and Southern Europe</td>
<td>48.1</td>
<td>48.9</td>
<td>1.8%</td>
</tr>
<tr>
<td>Latin America</td>
<td>37.5</td>
<td>38.3</td>
<td>2.2%</td>
</tr>
<tr>
<td>Total</td>
<td>568.4</td>
<td>580.2</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

See “Airline IT,” p. 21
Key Distribution highlights in 2018

We signed 50 new contracts or renewals of content or distribution agreements with airlines, including Vistara, United Airlines, Scandinavian Airlines (SAS) and Norwegian.

Air France-KLM

We signed an agreement with Air France-KLM enabling distribution through a private channel. Amadeus travel seller customers who enact a private channel agreement with Air France-KLM will be able to book Air France-KLM content through Amadeus without a surcharge, which started to be levied from April 2018.
NDC-X program

Several airlines and travel sellers joined our NDC-X program during 2018, including American Airlines, Travix, Carlson Wagonlit Travel or American Express Global Business Travel. The NDC-X program, which we unveiled in February 2018, brings together all of Amadeus’ NDC activities – as an IT provider and an aggregator – under one roof, so that all relevant travel content from any source (EDIFACT, NDC, proprietary APIs and other aggregated content) can be distributed via any user interface or device.

Our merchandising solutions continued to gather interest from our customers. A total of 18 airlines signed up for Amadeus Airline Ancillary Services for the indirect channel and 16 airlines signed for Amadeus Fare Families in 2018. As of December 31, 2018, 151 airlines had contracted Amadeus Airline Ancillary Services (from which 128 had already implemented it) and 81 had Amadeus Fare Families (of which 69 had already implemented the solution).

Subscribers to Amadeus’ inventory can access close to 115 low-cost and hybrid carriers’ content worldwide. Low-cost and hybrid carriers’ bookings grew by 13%.
2.3 Airline IT

Innovation happens in partnership

We operate in a traveler-led industry, where airlines must battle for attention, viewers and conversions. Changes in travel behavior continue to challenge current business models. Airlines are evolving alongside these models, influenced by new industry expectations, technological advancements and the emergence of new players.

It is within this context of constant change in the industry that over the past year Amadeus has undergone significant internal transformation. We have embraced a more open and flexible approach. We have become a united force with a clear focus on our customers, which involves continuing to listen to them at all times. We have moved toward a more open technology approach with a focus on what our airlines’ customers – the travelers – want. Our business has evolved so we can work more closely with our customers by increasing our regional resources.

We support hundreds of airlines that use our IT and Distribution systems to create millions of memorable journeys on a daily basis. We are committed to thinking differently so we can support our airline customers to simplify the customer experience and deliver business growth and return on investment. We are vigilant in seeking ways to keep airlines at the forefront of the latest trends. To this end, we have created a Digital Tribe with over 300 people worldwide working closely with airlines to drive digital transformation at speed. Airlines have unique opportunities to collaborate with their alliance, codeshare or other strategic partners to maximize all sales channels, directly and through our networks. In fact, we serve the largest portfolio of the world’s top airline alliances: Amadeus airline solutions are used by more than half of the members of any of the three main alliances: Star Alliance, OneWorld or SkyTeam.

We understand the complexity of the industry, and one of our objectives is to drive emerging opportunities for growth in several areas. We fully embrace standards such as the International Air Transport Association (IATA)’s New Distribution Capability (NDC), which will help airlines grow and simplify processes. We have created a dedicated program called NDC-X, where we have partnered with leading airlines to drive the industrialization of NDC and ensure its success for all travel players.

To reduce complexity, collaboration across the industry is key, especially between airlines and airports. This will be particularly important given that the number of passengers is expected to grow from 4 billion today to 6 billion by 2023. As an example, in order to reduce boarding time, we have collaborated with US Customs and the biometric gate supplier to help Lufthansa board an A380 plane, the largest in operation, in about 20 minutes at Los Angeles International Airport (LAX) using biometric facial recognition technology.

We firmly believe that real innovation only happens in partnership with our customers and the industry, and we have a solid track record of integrating innovation into our airline customers’ business. We have held numerous Hackathons this year to allow our customers to test our products and build on existing solutions. We pride ourselves on our partnerships, working closely together to drive innovation and the implementation of new technologies. 

* Passengers boarded, i.e. actual passengers boarded onto flights operated by airlines using at least the Amadeus Altéa Reservation and Inventory modules or Navitaire New Skies.

See “Distribution”, p. 22
of cutting-edge technology to solve practical issues. The Accenture Amadeus Alliance has been working to create tangible business outcomes to help airlines transform the way they do business. Amadeus technology and expertise coupled with Accenture’s data analytics and machine learning models (jointly developed with the Massachusetts Institute of Technology) led to data-driven insights that helped Scandinavian Airlines (SAS) quickly boost its ancillary revenues.

Working with high-growth, innovative airlines inspires us to deliver solutions that underpin their continued development and evolution. Using our unrivaled market knowledge and technology expertise, we seek to support even the most progressive and entrepreneurial of airlines. We know that our customers are the pioneers who continue to transform the way we travel.

**Airline portfolio**

Airlines are on a journey of digital transformation, adapting to the changing needs of travelers and the industry as a whole. We at Amadeus are also evolving, to offer solutions and services that help airlines provide their passengers with a consistent, personalized experience at every touchpoint – from initial inspiration to arrival at their final destination.

As the business needs and strategies of our airline partners continue to evolve, and with Amadeus and Navitaire working hand in hand, we are uniquely positioned to respond to the needs of airlines of all business models.

We support airlines of all types – whether full-service carriers, low-cost airlines or hybrids – to grow sales, optimize costs and efficiency, deliver great services and build brand and customer loyalty. We also offer airlines unique opportunities to collaborate with their airline alliance and codeshare partners and maximize sales through all channels.

Our passenger service system offering includes Amadeus’ Altéa Suite and Navitaire’s New Skies reservation system, the industry leading solutions serving the full spectrum of high growth carriers. In addition, we have a complete portfolio of solutions designed to help airlines maximize their commercial performance, achieve operational excellence and leverage the power of data to design the best end-to-end experience for their travelers.

Our Sales and Distribution Suite offers airlines opportunities to support future growth and profitability with unrivaled technology and expertise and to access the world’s largest agency network via the Amadeus Travel Platform using the connectivity of their choice: EDIFACT, NDC or Ticketless.

Amadeus’ Altéa Suite consists of three modules:

1. **Reservation:** Enables airlines to manage bookings, fares and ticketing through a single interface, and is compatible with distribution via direct and indirect channels, both online and offline.
2. **Inventory:** Helps to create and manage schedules, seat capacity and associated fares on a flight-by-flight basis. This allows the airline to monitor and control availability and reassign passengers in real time.
3. **Departure Control:** Covers many aspects of flight departure, including check-in, issuance of boarding passes, gate control, disruption management and other functions related to passenger flight boarding. In addition, Altéa Departure Control offers aircraft load control functionality, which enables airlines to evaluate and optimize cargo and fuel utilization.

Navitaire New Skies Reservation and Passenger Service System is a digital, *e-commerce and mobile first platform* with comprehensive retailing, analytics and passenger personalization tools. The solution is designed for efficiency using a single record approach, which manages both the offer and the order throughout the passenger life cycle. Real-time data for on-demand decision-making and omni-channel processing are hallmarks of New Skies, which has been leveraged extensively by airlines with clear leadership in innovation. In use at more than 50 of the world’s most successful airlines, it is designed for fast-growing airlines, including newly launched and hybrid carriers.

As the airline industry moves toward more integrated and open systems, Amadeus is opening its platform to airlines and developers to innovate jointly and with other IT providers and their selected travel partners.

7 Electronic Data Interchange for Administration, Commerce and Transport.
This open approach results in more being achieved together, and brings a high level of agility and flexibility to the implementation of new functionalities. We aim to jointly create value for airlines and their partners within a framework that empowers developers to innovate.

Our pricing model for airline solutions is primarily based on a fee per each transaction processed, for example per passenger boarded. By operating a transaction-based model, our returns are linked to the operational volumes of airlines.
Amadeus sees the following as opportunities in the airline industry

1. Tailoring offers to maximize value

Airlines face a range of challenges as base fares continue to be subject to downward price pressure, hastening the need to develop effective retailing strategies to secure growth and profitability. By placing the traveler at the heart of the offer, we ensure airlines reach the right traveler at the right moment and with the right offer – placing the airline in control. Our powerful omni-channel technology adheres to industry standards while giving airlines the freedom to deliver all content across any relevant channel. We help airlines to differentiate themselves, move beyond price, predict traveler needs and tailor offers no matter the complexity involved. And we do it with the widest reach across all traveler segments and geographical regions.

The report we published jointly with Skift early this year, A New Formula for Airline Success: Why Customized Offers Are the Future of Airline Marketing and Revenue Management, investigates how providing customized offers could soon take a clear lead as the primary way airlines interact with travel shoppers. The resulting conclusion is that one size does not fit all, that customized offers are the way forward for airlines and that the airline industry is catching up to this “one size does not fit all” approach.

American Airlines upgraded its digital experience with Amadeus e-Retail DX

Intro

American Airlines’ strong focus on user experience created a shift in international business priorities. It needed modern e-commerce booking websites that could convert, upsell and retain more digital customers.

Challenge

American Airlines needed to improve the customer experience on its international sites and optimize them for local markets. With a focus on product expansion, online conversion and revenue generation, the airline began its search to find a technology partner capable of helping it achieve its business objectives. After a six-month evaluation process, the airline chose to partner with Amadeus on its digital journey with Amadeus e-Retail DX: the world’s most widely used online airline booking system.

How did Amadeus support the airline?

American Airlines and Amadeus already have an established and successful relationship. Amadeus’ e-Retail DX online booking system met all of American Airlines’ needs, and also facilitated fast-to-market delivery.

Results

The implementation of Amadeus’ e-Retail DX online booking system has enhanced the customer experience, growth and conversion rates. Within a three-month period, this project:

- Increased American Airlines overall bookings by 17%
- Increased American Airlines digital revenues by 11%
- Improved the online experience for international customers
- Migrated 23 international sites to Amadeus e-Retail DX and started delivering impressive results for American Airlines and its customers
2. Delivering on-brand experiences

Airlines are engaged in a race toward digitalization to deliver a simple, compelling and intuitive experience across all channels. This means that the complex task of delivering hyper-personalized experiences is key to success.

Creating memorable journeys is more than selling a seat. Our technology enables airlines to deliver rich and engaging experiences at every point of traveler interaction, irrespective of how travelers choose to engage, even across partner airlines. Our advanced data-driven approach to personalization takes the knowledge airlines have about their customers and makes it actionable at every touchpoint, helping to deliver ongoing value and driving loyalty.

New routes, new markets: Norwegian goes global with low-cost long haul

Intro
Since entering the long-haul market, Norwegian has truly gone global, with an increase in total global passengers of over 75%. What is the secret to its success?

Challenge
In 2013 Norwegian started to pursue opportunities for growth and long-term profitability in the long-haul market, facing a number of new challenges, including:

- Responding to the needs and habits of travelers in new markets
- Ensuring high load factors and sustainable demand for new long-haul routes
- Competing with experienced airlines serving passengers on established routes while staying true to Norwegian’s low-cost business model
- Efficiently managing the operational complexities of long haul at foreign, larger airports while handling more passengers
- Delivering differentiated long-haul services that are more affordable with a “low fares, high standards” approach

How did Amadeus support the airline?
Norwegian and Amadeus’ partnership began when the airline first started its operations with a focus on Scandinavia. The turning point was in 2010, when Norwegian’s focus shifted to expansion throughout Europe.

To support expansion beyond its home base and capture bookings in new markets, the carrier decided to implement full ticketing capabilities. Doing so with Amadeus eTicketing means that Norwegian works with accepted travel agency booking flows in its target markets, ensuring optimal adoption.

Norwegian also uses Amadeus Altéa Suite as its passenger service system. This has helped its operations run smoothly and consistently in every market, while bringing agility and efficiency to travel agencies selling the airline’s offer.

These unique efficiencies, combined with access to the world’s largest agency network, have played an integral role in supporting Norwegian’s growth and profitability when entering new markets.

Results
Norwegian has stimulated significant new long-haul demand with its affordable fares, convenient point-to-point long-haul routes and new connections, enabling people to take trips they previously would never have thought possible. Since Norwegian’s first transatlantic service began, the airline has flown more than 6 million passengers between Europe and the United States. Travel agency sales through Amadeus have been a major factor in the airline’s long-haul and overall growth strategy, with outstanding results:

- A threefold increase in agency bookings from outside Scandinavia since 2015
- 100% growth in Amadeus bookings over the last five years
- Over 110% growth in Amadeus bookings for long-haul routes since 2015
- An omni-channel approach that played an important role in the airline’s expansion and success, with agencies accounting for one in every five bookings
3. Enabling operational efficiency

It is essential for all travelers to be able to access an airline’s full range of products through whichever channel they choose. In an era of intense competition, airlines have to grapple with the best way to collaborate practically with partners of all types, in a way that does not undermine operational efficiency.

By harnessing airline data to its fullest potential, we are able to proactively detect operational opportunities or risks as they happen with automated, real-time resolution. With advanced and predictive analytics, we can help airlines make fully informed decisions. We help them simplify the complexity of selling to travelers, operating flights and running their business.

Lufthansa biometric technology boards the world’s largest passenger plane in about 20 minutes

Intro

Large aircraft like the A380 can take a long time to board. Lufthansa wants to use the latest technologies to optimize the boarding process.

Challenge

It is no simple matter to quickly board several hundred passengers on the world’s largest passenger plane. This can generate long waiting time for passengers and therefore dissatisfaction. There is an increasing need for airlines, airports and industry authorities to offer faster processes to travelers.

How did Amadeus support the airline?

In collaboration with various entities, Amadeus has developed a solution that boards passengers with smooth, one-step facial recognition. It is a simple process that we have piloted at Los Angeles International Airport. Self-boarding gates with cameras capture passengers’ images. These images are then securely sent to the US Customs and Border Protection database for real-time verification. After a successful instantaneous match, the system recognizes the passengers as “boarded.” The passengers no longer need to show their boarding pass or passport at the boarding gate.

Collaboration has been the key to this innovative project. Amadeus helped build the interfaces between Lufthansa’s departure control system (Altéa), the gate hardware was provided by Vision-Box, and US Customs and Border Protection provided the database to identify passengers. All these parties worked together to make the travel experience smoother.

Results

The biometric technology implemented helps travelers move through the airport smoothly.

During initial trials, the feedback has been very positive, and the initiative has helped board approximately 350 passengers onto an A380 in about 20 minutes.
Evolution of Amadeus passengers boarded

Amadeus passengers boarded grew by 11.9% to 1,853.9 million in 2018. This double-digit growth in the year was driven by (i) the impact from the 2017 implementations (such as Southwest Airlines, Japan Airlines, Malaysia Airlines, Kuwait Airways, Boliviana de Aviación, SmartWings, Norwegian Air Argentina, Air Algerie and MIAT Mongolian Airlines on Altéa, and GoAir, Viva Air Perú, Andes Líneas Aéreas, JetSMART and flyadeal on New Skies) as well as the 2018 implementations (including S7 Airlines, Peruvian Airlines, Maldivian Airlines, Cyprus Airways and Aeromar on Altéa, and Volaris Costa Rica on New Skies); and (ii) a 7.6% organic growth.

Of our passengers boarded during 2018, 60.3% were generated outside of Europe. Our international footprint has continued to expand, particularly in Asia-Pacific and in North America, supported by the implementations of Southwest Airlines, Japan Airlines and Malaysia Airlines, among others, in 2017. Passengers boarded growth in Western Europe and Latin America during 2018 was negatively impacted by the ceasing of operations of Air Berlin and Monarch Airlines as well as the de-migration of LATAM Airlines Brazil from our platform during the second quarter of 2018, respectively.

### Passengers boarded by region (figures in millions)

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>611.2</td>
<td>624.3</td>
<td>2.1%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>502.8</td>
<td>594.3</td>
<td>18.2%</td>
</tr>
<tr>
<td>North America</td>
<td>176.5</td>
<td>247.0</td>
<td>39.9%</td>
</tr>
<tr>
<td>Latin America</td>
<td>149.2</td>
<td>138.8</td>
<td>(6.9%)</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>127.2</td>
<td>138.1</td>
<td>8.6%</td>
</tr>
<tr>
<td>Central, Eastern and Southern Europe</td>
<td>89.6</td>
<td>111.5</td>
<td>24.4%</td>
</tr>
<tr>
<td>Total</td>
<td>1,656.5</td>
<td>1,853.9</td>
<td>11.9%</td>
</tr>
</tbody>
</table>
Key Airline IT highlights in 2018

At the close of December, 214 customers had contracted either of the Amadeus Passenger Service Systems (Altéa or New Skies) and 204 had implemented them.

Amadeus SkySYM by Optym

Easyjet contracted Amadeus SkySYM by Optym to improve the reliability of its flight schedules. SkySYM simulates airline schedules in the planning stage to improve schedule reliability and ensure smooth operations on the actual day of the flight.

Singapore Airlines and Avianca have both implemented Amadeus Altéa NDC.
Amadeus Altéa Suite

Several airlines including S7 Airlines, Bangkok Airways, Philippine Airlines, Peruvian Airlines and Cyprus Airways signed up for the full Amadeus Altéa Suite, including the reservation, inventory, ticketing and departure control modules. The Amadeus Altéa Suite will help these airlines to enhance customer experience by delivering more consistent and personalized customer service, develop new revenue streams and improve operational efficiency.

KC International Airlines (a new Cambodian carrier) and Volaris Costa Rica contracted and implemented New Skies. Hawaiian Airlines, the Honolulu-based airline, selected Amadeus Altéa Departure Control Flight Management.

Qantas completed its ambitious digital redesign. As part of this, the airline implemented some e-commerce solutions, including Amadeus e-Personalize, Amadeus Affinity Shopper and Amadeus Flex Pricer Premium.

Eight airlines contracted Amadeus Revenue Management, including Finnair; seven airlines contracted Amadeus Anytime Merchandising including Singapore Airlines; five for Passenger Recovery and seven for Customer Experience Management, including Garuda Indonesia. Also, Malaysia Airlines contracted Amadeus Revenue Accounting.

Southwest Airlines signed up for the full Amadeus Sky Suite by Optym with a 10-year agreement. The suite of five industry-first solutions gives Southwest Airlines the most comprehensive and advanced technology for all its network planning, simulation, forecasting and optimization needs.

Lufthansa

We also collaborated with Lufthansa on its new biometric boarding solution using facial recognition. This innovative pilot, enabled through a collaboration between Amadeus, US Customs and Border Protection, Los Angeles World Airports Authority, and Vision Box, is available since March 2018 for Lufthansa flights at Los Angeles International Airport. The airline intends to expand the pilot program to additional US gateways and other passenger touchpoints.
2.4 Diversification areas

The travel industry changes rapidly. Amadeus therefore needs to be fast in making decisions, agile when working with customers and open to the evolution of the market. These are the three driving principles of our diversification strategy, where our mission is to maximize the opportunities across the travel industry. We have over recent years consolidated our activities in areas such as hospitality and rail and strengthened our offer to customers. Our investment in diversification is already delivering benefits for the industry, including the ability to transform traditional models. Amadeus offers state-of-the-art technology to replace legacy systems that are challenged by the growing demands of rapidly changing businesses.

We reached important milestones in all our new business segments in 2018, in particular in Hospitality and Airport IT, with new contracts signed and migrations. We also expanded our Rail content and launched new solutions in Payments, which captured the interest of customers.

**Hospitality**

The hotel industry is growing at a healthy rate, adding more than 3.7 million\(^8\) rooms to the global inventory in the last eight years. Asia-Pacific witnessed exponential growth with a 55% increase in the number of rooms added, while independent properties continued to win the hearts and wallets of travelers, growing and remaining the largest segment with the most stable market share.

At the same time, digital transformation has evolved hotel operations. Next-generation technology is changing the way people travel – from journey planning and comparing options, to booking preferred content and, finally, to sharing reviews online. Whether for a business or leisure trip, travelers expect a personalized booking experience, with relevant content integrated into booking platforms.

Amadeus is well positioned to meet both the technology and distribution needs of the hospitality industry, while incorporating new innovations to address all segments in all regions to take full advantage of these global trends.

**Hospitality IT**

Hospitality is all about the human connection and the ability to deliver personalized experiences for guests. Our technology solutions provide cloud-native capabilities for central reservations, property management, sales management, event management and housekeeping, as well as operations involving business intelligence, media and guest management. These not only cover the life cycle of a guest’s journey, but also offer properties the added benefit of understanding customers’ behavior through enriched data to build more personalized experiences and offerings. This represents a game-changer for the industry, as venues commonly work with multiple technology providers and have fragmented views of their guests.

Our investment into core hotel platform technology continues to strengthen our offerings, with notable deal wins such as Premier Inn. In addition, in 2018 we continued to progress in the roll-out of the Guest Reservation System with InterContinental Hotels Group, which was completed successfully in the fourth quarter. InterContinental Hotels Group’s more than 5,600 properties across 15 brands and more than 100 countries are now live. Going forward, there will be future updates to the platform bringing enhanced features and functionality, including attribute-based selling.

Amadeus solutions provide unique value through centralized data across all hotel systems to capture a 360-degree view of business performance and guest preferences.
In August we announced an agreement to acquire TravelClick for USD 1.52 billion. TravelClick provides innovative cloud-based solutions, including an independent and mid-sized hotel central reservation system and guest management solution, as well as business intelligence and media solutions. The addition of TravelClick’s solutions to the Amadeus portfolio will create a hospitality leader providing a broad range of innovative technology to hotels and chains of all sizes across the globe. In October, following the regulatory approvals, Amadeus announced it had completed the acquisition.

Hotels, Mobility and Insurance

With the evolving needs of the traveler in mind, Amadeus’ Hotel Distribution unit has spent the past few years committed to sourcing new and standardized hotel content, with the vision of maximizing the choices available to our customers and offering more control to our providers in terms of how their rooms and facilities are sold. This commitment has resulted in great success and higher customer satisfaction. Our recent acquisition of the hospitality technology provider TravelClick should help accelerate growth in 2019 and beyond.

On the other hand, the mobility sector is experiencing disruption from new players, such as online hailing and on-demand car rental services. Customers are faced with an increasing variety of ways to travel. Responding to customer demand, Amadeus will be distributing car rental, transfer and online hailing providers through a single integrated Mobility Services Platform.

On the insurance side, new technologies enable travel insurers to provide ever-more segmented and personalized offers, carefully tailored to the individual traveler and their risk profile. For all kinds of travel providers, this opens up exciting cross-selling opportunities.

Bringing these three units – Hotels, Mobility and Insurance – together strengthens Amadeus’ beyond air offering, and provides a more complete package for Amadeus customers. Our vision for Hotels, Mobility and Insurance is to combine efforts and to offer a more complete hospitality and mobility ecosystem where providers, sellers and guests have more opportunities to create and receive value. Insurance is the perfect product to be added as a cross-sell service, enriching our whole offering.

After one year together, we can be proud of the progress made, which translates into a series of customer wins and expanding partnerships with several travel management companies and online travel agencies.

Acquisition of TravelClick

Hospitality remains the largest diversification area for Amadeus, through significant organic and inorganic growth. From strategic R&D investments and enterprise deals, to our latest acquisition of TravelClick, we are positioning ourselves as leading technology providers for the hospitality industry, serving more than 53,000 unique properties around the world. Thanks to this acquisition, we are also moving beyond our initial market focus of large chains to providing solutions for independent and mid-sized hotel chains to expand our portfolio and market reach.

TravelClick has 30 years of industry experience, operating in 176 countries with 1,100 employees. The company’s 14 offices span the globe, with headquarters in New York.

TravelClick has focused on developing an interconnected suite of Software-as-a-Service, cloud-based solutions using unique and actionable data – spanning business intelligence, reservations and booking engines, media, web, video and guest management.

The acquisition of TravelClick will significantly expand Amadeus’ footprint in the hospitality industry, as well as accelerate Amadeus’ time to market, thanks to a well-built commercial organization that has been scaled globally. A large presence in Europe and Asia-Pacific will also enhance Amadeus’ regional penetration in these two regions.

In November 2018 NH Group joined TravelClick’s Demand360 program, which gives hoteliers unique access to forward-looking demand data and allows hoteliers to develop optimal strategies for maximizing revenue. Working with TravelClick’s Demand360 provides hotels with an understanding of the booking trends in their local market, while giving them the ability to know what actions to take to drive performance and ensure that they are getting their fair share of bookings through the right segment and channel.

---

4 2018 estimated number of unique properties served including TravelClick.
Airport IT

In 2018 airports worldwide again tackled the dual challenge of growth in traveler numbers and capacity constraints, with the growing middle class in countries such as China and India putting pressure on airports to process more travelers, more efficiently.

Amadeus’ Airport IT unit continued its growth in the airport industry in 2018, providing a suite of solutions for airports, ground handlers and airlines that helped customers address these pressing issues.

Airport IT grew its total number of clients, and helped its existing customer base improve operations and results by delivering more solutions and higher performance to their enterprises. A good example is Pristina International Airport in Kosovo, which implemented the Amadeus Altéa Departure Control for Ground Handlers and Amadeus Baggage Reconciliation System solutions.

In 2018 Airport IT continued its mission to innovate within the airport industry and to replace traditional systems with new solutions that create new opportunities and offer new value to airports, travelers and the industry as a whole.

Aeroportos e Segurança Aérea Cape Verde Airports, a customer of Amadeus’ Airport Common Use Service (ACUS), contracted ACUS Mobile in 2018. We also saw increasing interest from customers in Amadeus Extended Airline System Environment and we signed contracts with airports such as Killeen-Fort Hood Regional Airport, JFK Airport, Los Angeles International Airport, Bozeman Yellowstone International Airport and Charleston County Aviation Authority.

In 2018 Billund Airport, Denmark’s second-largest airport, deployed Amadeus Altéa Departure Control System and Amadeus Baggage Reconciliation System. Together, these solutions will support the airport’s digitalization journey and improve the passenger experience through process automation and self-service capabilities.

As demand for international train services continues to rise, so does the opportunity to offer a comfortable and better connected service. By working together with Amadeus, Swiss Federal Railways is harnessing the potential of new technologies to modernize the distribution of international rail tickets while offering a better experience for passengers.”

Alexander Gellner
Head of International Distribution and Marketing - Swiss Federal Railways

Rail

Digitalization has been a reality for many years across all travel segments, including railways, who are making it top of their agenda. Rail operators are looking into creative ways to adapt to a more digital world. Amadeus is at the heart of this transformation

by delivering passenger rail technology solutions that connect railway systems and bring railways closer to their customers.

In this fast-changing digital environment, railway companies are seeking to optimize their own operations by evolving and changing their IT systems. With our suite of technology solutions, Amadeus RAILyourWAY, we bring them technology systems that are flexible and modular and that put the customer at the center of all operational decisions. We also partner with railways to develop innovative solutions and new digital means to improve customer service at train stations. For example, we are testing some use cases running on the humanoid robot Pepper, from SoftBank Robotics, to answer simple and recurring travelers’ requests.

Amadeus also helps railways to sell their tickets more efficiently across direct and indirect sales channels, and with a wider geographical reach. For example, Swiss Federal Railways (SBB) contracted Amadeus to design and power its new intelligent and flexible booking solution, which will be used across all of SBB sales channels – online, at stations and third parties. Another example is making it easy for any rail operator to sell other railways’ tickets on its own direct sales channels, such as websites, apps or train stations. By embracing the standardization of the rail industry, we help railways connect to each other, making international train journeys as easy to book as they are to travel.

We are the first third-party distributor to implement the Full Service Model standard promoted by the European Commission to foster rail as a transport alternative. Finally, we also take our customers well beyond the borders of their domestic market, thanks to our global distribution network. We see a growing interest from European rail operators to be sold overseas, particularly in Asia-Pacific. There is also a growing appetite from Asian travel agencies to sell regional and international train tickets.

In 2018 we expanded our distribution agreement with SNCF, the French national railway. Thanks to this agreement, travel agencies well beyond the borders of their domestic market, thanks to our global distribution network. We see a growing interest from European rail operators to be sold overseas, particularly in Asia-Pacific. There is also a growing appetite from Asian travel agencies to sell regional and international train tickets.

In 2018 we expanded our distribution agreement with SNCF, the French national railway. Thanks to this agreement, travel agencies beyond Europe will have access to SNCF rail content for the first time.

Payments

In the past 10 years, the payments industry has been revolutionized by a considerable amount of innovation. The well-established ecosystem of banks, credit card schemes and other providers that routinely managed payments for nearly 50 years
has suddenly been joined by a host of new players looking to innovate and disrupt that ecosystem: PayPal, Klarna, WeChat Pay and Bitcoin, to name a few.

This represents both a cost and opportunity for travel companies. The opportunity is to deliver a seamless payment experience to their customers, or streamline internal processes to pay suppliers. However, managing payments globally is complex. Travel companies must navigate local consumer behavior, regulations, currencies and markets just to get paid at all of their points of sale, while of course complying with all the global restrictions on cash flowing around the world. And, as new payment methods come to market and governments adjust their regulatory frameworks to encourage open banking and digital payments, the environment is in a state of constant change.

All this adds up to a significant cost: the combined spend of airlines, travel agencies and hotels on payment processes is USD 74.5 billion (approximately €65.5 billion), or 5.4% of revenue, according to a survey we conducted in 2018 in collaboration with PYMNTS, a news and analysis company. This figure includes card acquisition costs, fees to other payment-related providers, capital expenditure and the operational costs associated with managing payments. It is not surprising, therefore, that 44% of airlines cited “overall cost” as their biggest payment-related pain point.

Amadeus set up a dedicated payments unit in 2012 to help travel companies manage this cost and complexity. By combining a payments functionality with Amadeus’ existing travel technology backbone, we can add significant value to travel companies. Our core offer is to provide a single entry point for travel companies to access hundreds of financial services companies worldwide. This enables them to take payments from their customers and make payments to their suppliers in 200 countries around the world from a single interface.

In 2018 we launched a major upgrade to this platform, called Xchange Payment Platform, the travel industry’s first and only end-to-end payment solution, empowering travel businesses with a single view of their entire payments ecosystem.

In April 2018 we launched a new solution to facilitate payments of bookings made through airlines’ call centers. Rather than having to discuss payment details over the phone, with Amadeus Agent Pay airline agents send their customers a link, via SMS or email, to a secure webpage, so that the traveler can then complete the payment from their smartphone, tablet or PC. Meanwhile, the ticket is kept on hold, and issued automatically once the payment is complete. Finnair is using it not only for its call center but also for its chat-based customer service agents.

**Travel advertising**

Travel Audience, an Amadeus company, is on its way to becoming the most trusted digital travel advertising platform. It is accelerating growth across the entire travel industry by precisely and directly connecting travelers with our customers. The platform serves more than 300 advertising partners such as airlines, destination marketing organizations, online travel agencies and hospitality groups. It offers advertisers who want to address a target group interested in travel the opportunity to access a high-reach, high-quality premium inventory of well-known publishers via programmatic advertising on all channels.

This data-driven travel advertising platform consists of two main elements: the Premium Publisher Network, which publishes third-party content via native advertising, and the proprietary demand-side platform, which provides end-to-end, data-driven advertising solutions to our partners. Amadeus’ travel audience leverages machine learning to identify when people search for trips, when they book and, above all, when it makes sense to show them offers from our advertising partners.

Dubai’s Department of Tourism and Commerce Marketing (Dubai Tourism) entered into an agreement with travel audience in March 2018. Travel audience will help the city develop insights into visitor arrivals by widening its global reach and through advanced data analytics. The destination marketing organization will work with travel audience to build custom campaigns across a wide range of channels, including online travel publishers, social media and metasearch engines. With added visibility into online travel patterns, it will be able to measure campaign performance more effectively and gather insights into traveler intentions and behavior. Dubai Tourism is also using Amadeus Destination Insight to gather insights into global travel, including up-to-date search, booking and scheduling data.

By the end of 2018 we had over 1,000 customers and processed over €105 billion in payments during the year. The number of transactions processed showed double-digit growth compared with 2017.

---

Tourism is central to Dubai’s economic growth and diversification. With travel audience’s intelligent technology and team of experts, and Amadeus’ far-reaching travel network, we have found a platform that can provide insights that assist our decision-making. By building brand and performance campaigns tailored to specific segments in exclusive channels, we can attract new visitors from regions far and wide while we grow our established visitor base.”

Issam Kazim
CEO - Dubai Corporation for Tourism and Commerce Marketing