

E-COMMERCE REPORT

Airlines Spur Travel Agency Shift

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AFTER being beaten up on all fronts, the airlines are starting to take it out on their computers.

In a move that is expected to save the carriers millions of dollars annually, some airlines have begun to persuade travel agents to shift to Web-based services from the mainframe systems they have used for 30 years. Earlier this month, United Airlines, which is a unit of the UAL Corporation, met with its top travel agents in Chicago to introduce them to three Internet-based reservation systems from ITA Software, G2 SwitchWorks and Farelogix that rely on Web connections and desktop computer technology to search and book seats. These systems cost airlines about \$1 for every ticket booked, compared with more than \$10 for current booking systems.

Analysts and industry executives said all the major airlines were in similar discussions with agents, looking to book fares more cheaply. Advertisement

Although the beleaguered airline industry has trimmed costs in almost every other area, from in-flight headsets to on-board snacks, the proprietary booking networks, run by the travel reservation companies Sabre, Worldspan and Amadeus, among others, have remained relatively unscathed. United's action signals that the airlines are willing to use the Web-based systems to extract savings just as passengers use online reservation systems to circumvent travel agents.

"This is the first shot of a major war," said Norman L. Rose, president of TravelTech Consulting, which is based in Belmont, Calif. "For all these airlines, one of the objectives for the year is to move to a low-cost distribution environment."

For now, passengers will notice little if any difference when travel agents book through the lower-cost systems. That will change over time, industry executives said, because the new reservation engines offer more automation - in rebooking canceled flights, for instance. In the meantime, though, even executives of the Web-based booking systems say that they are not yet sophisticated enough to allow travel agents to abandon the existing systems.

"If someone wants everything they've had before without any diminution at all, well, no. It's going to be a while," said Jeremy Wertheimer, the chief executive of ITA. "But for most of what they want, we'll work well."

Travel agents - including Expedia, which is owned by IAC/InterActiveCorp, and Travelocity, owned by Sabre - have long relied on the proprietary networks, called



Steve Kagan for The New York Times

Graham Atkinson, a United Airlines executive, said his airline had introduced three Internet-based reservation systems to its top travel agents.

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