

The Art of the Deal

By Reg P. Wydeven
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I am a huge fan of William Shatner. I obviously loved him on Star Trek. I watched him as T.J. Hooker, as attorney Denny Crane on 'Boston Legal' and now I get to see him as Ed Goodson on 'Sh!t My Dad Says.' One of my favorite Shatner roles, however, is as pitchman for Priceline, the online travel company.

As the Negotiator, Shatner uses his classic over-the-top acting style to implore customers not to accept fees that merchants are asking, but instead name their own prices for airfare and lodging. But if a pending deal that will impact the entire online travel industry goes down, it may leave the Negotiator with very little bargaining power.

In July, Google Inc. announced its intention to purchase ITA Software Inc., the leading provider of flight data, for \$700 million. ITA's software purportedly handles approximately 65% of all direct, air-travel bookings for airlines. The online search engine company claims it is purchasing ITA to build "flight-search tools that will drive more traffic and potential customers to airlines' and online travel agencies' websites."

Other online travel companies aren't convinced Google's motives are so altruistic. Expedia Inc., Kayak.com, Sabre Holdings and Farelogix Inc. have formed a coalition called FairSearch.org to oppose the purchase, alleging Google is trying to create a monopoly in the \$80 billion online travel industry. These companies operate half-a-dozen leading online travel sites, such as Expedia.com, Hotwire and TripAdvisor, which are run by Expedia, Travelocity by Sabre, and Kayak.com and SideStep by Kayak.

FairSearch.org has approached the Justice Department to block the deal. The organization has also lobbied members of Congress to put the brakes on the transaction to protect free enterprise. The companies claim they need Washington's help to prevent Google from dominating the online air-travel market once it controls the industry's flight software.

Microsoft Corp. has even entered the fray, also appealing to the Justice Department and Congress because Bing, its own search engine, relies on data from ITA to power travel searches. Google's competitors claim that the travel industry is the latest target in the company's attempts to take over new business sectors, as it has with broadband Internet and mobile telephones. They cite data from Experian Hitwise that shows Google is the source of more than 30% of all search engine traffic to online travel sites. The fear is that Google will steer that traffic to its own travel site.

FairSearch.org founders also fear that Google will limit their access to ITA's software, which they all use for flight-comparison purposes. Google has countered, saying several other companies provide airline travel data in addition to ITA and that the company won't sell tickets itself. Google has also promised to honor all of ITA's existing contracts.

But, claims the online travel industry, Google has not committed to renewing any of those contracts or providing any software upgrades. Additionally, they believe Google could analyze their prior use of ITA's data to gain an insight into their own proprietary systems for competitive reasons.

Not everyone opposes the deal, however. Some online travel companies, such as Travelport, Orbitz and Shatner's Priceline, have offered Google support. Perhaps the Negotiator has adopted one of the world's oldest bargaining tactics: if you can't beat 'em, join 'em.