Sabre

The Sabre Story

A chance meeting on an airline flight that turned into the technology leader for the travel industry.

SABRE

sa·bre /sābrə/:

Semi
Automated
Business
Research
Environment

The foundations for what is now the leading technology company powering the travel industry began with a chance encounter on a coast-to-coast flight in the earliest days of the jet age.

It was 1953, the airline industry had seen a growth in air travel following World War II, and airlines were struggling to manage the link between airline inventory and passenger reservations. This resulted in inaccuracies that drove flights to be frequently over-or under-booked, passenger service issues, and underutilized aircraft. C.R. Smith, president of American Airlines, and R. Blair Smith, a senior sales representative for IBM, met on an American Airlines flight from Los Angeles to New York. Their conversation about the travel industry sparked the idea for a data processing system that could create and manage airline seat reservations and instantly make that data available electronically to any agent at any location.

Prior to Sabre, airline agents took reservations in person at airports or ticket offices, or on the phone, where they hand-wrote cards and organized them in lazy susans like the one here. This was error-prone and inefficient, causing airplanes to be over-and under-booked, which was very costly to the airlines and often very inconvenient for passengers.

The two companies studied the feasibility of building such a system for five years, ending with an agreement between American Airlines and IBM to build out the specifications for the industry's first passenger name record or "PNR" system. The system was built by IBM based on technology created at MIT for the SAGE (Semi-Automatic Ground Environment) air-defense project. American Airlines named its system Sabre, or Semi-Automated Business Research Environment.

1960-1969
AIRLINE AUTOMATION IS BORN

Sabre was fully operational in 1964, a year before any other airline had an installed reservations automation system, and demonstrated to the industry that real-time processing was a feasible and realistic solution to the passenger reservations problem.

The first Sabre system was installed on two IBM 7090 computers, located in a specially designed computer center in Briarcliff Manor, NY. The initial research, development and installation investment in this system took 400 man-years of effort at a development cost of almost US $40 million. The state-of-the-art mainframe system processed 84,000 telephone transactions per day.

The success of Sabre prompted IBM to build its own system to market to airlines, named PARS – Programmed Airline Reservations System. This brought the realization among the major carriers that their operations also required a similar system, triggering a wave of airline automation that would last through the decade, and truly transform the airline industry, as electronic reservations systems provided important new efficiencies in the distribution of airlines' product. Eventually, a new category developed within the travel industry – the Customer Reservations System (CRS). Later CRS technology was leveraged into Global Distribution Systems (GDS). Sabre has retained its position as an industry leader and innovator in both the airline hosting and global distribution markets.

The initial Sabre system had two IBM 7090 mainframe computers, connected to 1,500 terminals across the U.S. and Canada. The system was housed in Briarcliff Manor, NY.
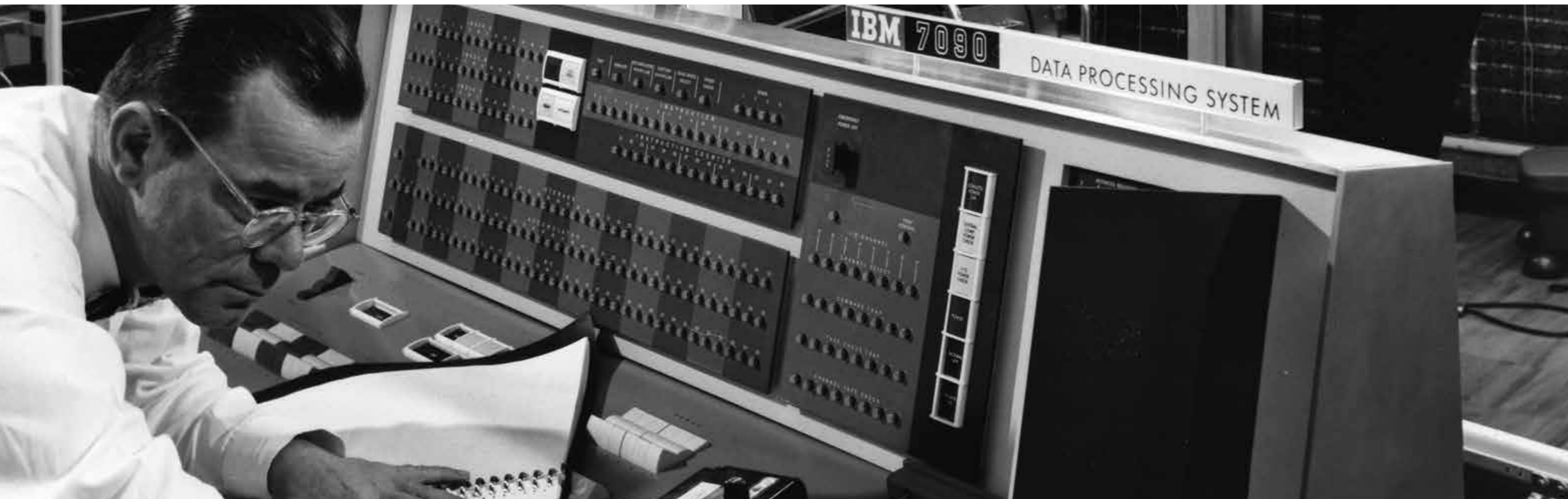
1970-1979
GOING EXTERNAL

Sabre led the next phase of technology innovation in the airline business when it implemented a program to take computing to the travel agent community.

In 1972, the American Society of Travel Agents (ASTA) saw that the airlines had gained productivity through automation, but the travel agencies were still largely manual and were reliant upon calling the airlines to make reservations for their customers. ASTA had a strong desire to have a common, integrated travel agency system that would allow agencies to take advantage of the same efficiencies the airlines saw through automation. Without the needed support for an industry solution, Max Hopper, who was now responsible for Sabre at American, with the backing of American's new Senior Vice President of Finance, Robert Crandall, prepared to make the Sabre system available to travel agencies.

Technology advances like the creation of multiprocessor systems, had the ability to handle a large fares database, and a large communications network became part of the Sabre system

By April 1976, Robert Crandall had moved from Finance become the Senior Vice President of Marketing, and the first Sabre terminals, and first automated reservations terminals in the industry, were installed in travel agent offices. Approximately 130 travel agent offices had the system by the end of the year.

Robert L. Crandall - 1989

The Airline Deregulation Act of 1978 changed the landscape for airlines, which now had more opportunities to take actions like adding and deleting routes and changing fares. But with opportunity came new threats and challenges, and customers were no longer just looking for available seats, but were looking for available seats at the best price. This drove the usage of the systems up, drove reservations and ticket office costs higher, and incented the airlines to transition more of the reservations to travel agents. With that transition, technical innovation was critical to keeping up with demand, and technology advances like the creation of multiprocessor systems, the ability to handle a large fares database, and a large communications network became part of the Sabre system.

1980-1989
COMPETITIVE ADVANTAGE

As technology advanced and the impact of deregulation progressed, Sabre continued to innovate and bring industry-defining capabilities to American Airlines.
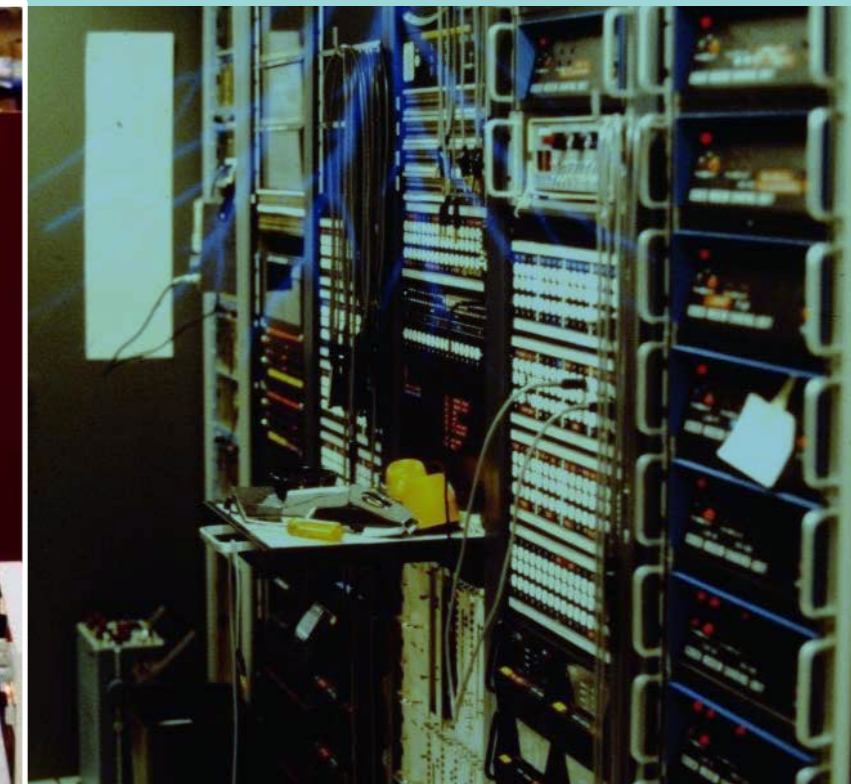
Sabre introduced BargainFinder pricing, which automatically provided the lowest fare for a given itinerary, a service that was unmatched in the industry but welcomed as fare pricing became more dynamic, adding complexity for travel agents trying to find the lowest fare for their customers. During this time, the Sabre system expanded to store 36 million fares, which could be combined to create more than 1 billion fare options. By the end of the decade Sabre was running on over 130,000 travel agency terminals worldwide.

Although Sabre was primarily focused on corporate customers, easySabre was offered via online services, which enabled consumers to access the Sabre system directly. Using personal computers, consumers could access airline, hotel and car rental information and make their own reservations.

Sabre Airline Solutions released the industry's first revenue management system, increasing airline revenue by optimizing the fare at which each seat was sold, then further advancing revenue management with the invention of virtual and continuous nesting concepts, which are still in use today.

By the end of the decade, Sabre's software and systems management had positioned American Airlines as one of the most technologically advanced airlines in the world, and Sabre started taking that technology to the marketplace, providing software, consulting, and systems management services to other airlines.

By the end of the decade Sabre was running on over 130,000 travel agency terminals worldwide.

TODAY: Sabre has a global presence with primary locations around the world.

- London, England
- Krakow, Poland
- Bethesda, Maryland
- Dallas/Fort Worth, Texas
- Bangalore, India
- Singapore
- Sao Paulo, Brazil
- Montevideo, Uruguay
- Buenos Aires, Argentina
- Sydney, Australia

| 9,500+ PEOPLE | 3 DEVELOPMENT CENTERS | 65 COUNTRIES |

1990-1999
EXPANDING HORIZONS

The early 90s were an exciting time for Sabre as American Airlines was starting to see Sabre as a much larger asset than just an internal IT group. In 1993, American Airlines combined the internal technology teams to form The Sabre Technology Group, and pioneered another first when Kathy Misunas was named CEO – one of the first female CEOs in the technology sector.

In 1996, AMR Corp. – the parent company of American Airlines – made The Sabre Group a separate subsidiary of AMR and did an initial public offering of Sabre stock, with AMR as the majority owner. At this time, leadership of Sabre transitioned to Michael Durham, who moved from his position as Chief Financial Officer of American Airlines.

TRAVELOCITY sm
Maximum power for the do-it-yourself traveler.

The Travelocity name was the combination of the two words, travel and velocity, to indicate speed in booking travel. The original logo with the plane flying up was intended to portray a fast journey through the Travelocity booking system.

Technology was also moving forward. The World Wide Web became a viable channel, and the possibility of using the internet to market and sell to consumers outside of the online services like CompuServe and The Source became a reality.

Sabre embraced this new capability, and was the first Global Distribution System (GDS) to create a consumer-facing online booking engine. Travelocity launched on March 12, 1996. It soon had over 1.6 million registered members and began logging about 15 million hits monthly.

Sabre was also expanding its services, forming a joint venture with ABACUS international including an agreement for Sabre to provide a customized version of its reservations system to 7,300 subscribers in Asia. This positioned Sabre as the market-share leader in electronic travel distribution in the Asia Pacific region and worldwide.

In another bold move, Sabre signed a hosting agreement with US Airways, and in December of 1998 successfully transitioned approximately 200 US Airways systems to Sabre systems, the largest systems migration in the history of the airline industry. To round out the decade, William Hannigan became the Chairman and Chief Executive Officer of Sabre in 1999.

2000-2009
INDEPENDENCE

The new century started with a big move for Sabre as it was wholly spun off from AMR in March of 2000 and became an independent public company, Sabre Holdings.

In 2003, Sam Gilliland was named Chairman and Chief Executive Officer of Sabre Holdings, moving into the position after serving in executive leadership positions in each of the holding companies

Continuing its legacy of innovation, Sabre built a new air travel shopping engine that both enabled the move of historical shopping capabilities off of the mainframe to open systems, and included new, state-of-the art algorithms for finding the lowest available fare. This provided growing the fast-growing online travel agency (OTA) sector with the competitive advantage of hundreds of itinerary options and flexible shopping capabilities, enabling Sabre to fuel capabilities within its own OTA, Travelocity, but also to become the leading global service provider for online agencies.

In 2007, Sabre Holdings was acquired by the private equity firms of Silver Lake and TPG, becoming a private company.

Big advances were also made to airline products throughout the 2000s. Sabre introduced SabreSonic Customer Sales and Service (CSS) creating the industry's first real intersection of customer-focused solutions and revenue generation across every distribution channel. Sabresconic married the high availability platform and core capabilities already present in the Sabre system with graphical user interfaces, reservations with full customer insight, airline alliance and partnering tools, complete departure control, inventory, online booking, shopping, pricing and interline e-ticketing hub.

Beyond sales and service, there was significant innovation in airline operations products. In a strategic partnership with Delta Air Lines and Lufthansa, Sabre Airline Solutions built the best network planning suite in the industry, with over 110 airlines using these products today. In addition, Sabre Airline Solutions was one of the first to develop large crew systems, with the initial system first delivered to Singapore Airlines. This product solved complex crew pairing problems of long-haul flights, a solution that has not been replicated by any other competitor and is still in use 20 years later. Finally, Sabre Airline Solutions developed the Aerodynamic Traveler suite which introduced curbside check-in, roving agents and self-serve kiosks.

Sabre also made a strategic acquisition in SynXis Corp, expanding the core business to now include reservation management, distribution and technology services for hotels. This business was renamed Sabre Hospitality Solutions and served to provide an industry-leading platform on which to expand and serve the hospitality industry.
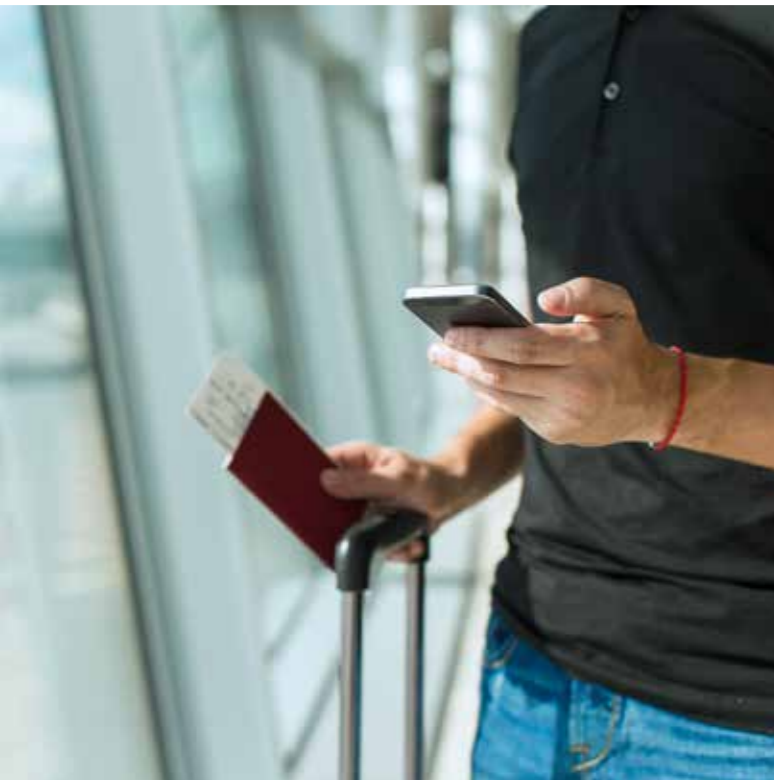
2010-PRESENT
LEADING THE INDUSTRY

Kicking off the decade, Sabre Travel Network introduced the Sabre Red Workspace, a market-leading workspace, designed on an open platform that provides integrated mobile services, air pricing tools to manage ancillary services, and sophisticated reporting and efficiency tools.

Following the introduction of Sabre Red Workspace, Sabre introduced the world's first B2B application store for the travel industry, with applications that connect to the Sabre Red Workspace. The Sabre Red App Centre was the first online marketplace to connect travel buyers, including travel agencies, travel management companies and leisure operators, with third-party developers. In just two years Sabre Red App Centre adoption grew to 500,000 app downloads from 70,000 users in 112 countries.

InformationWeek Named Sabre Red App Centre as a Top 20 Great Idea for 2012.

Sabre's solutions business, Airline Solutions and the growing Hospitality Solutions have also been busy. Airline Solutions launched key new products across the portfolio, adding powerful merchandising, loyalty, and airport capabilities to the Customer Sales and Service platform. Taking advantage of Sabre's Data and Analytics platforms, AirVision Market Intelligence, the industry's first online tool powered by global demand data that helps airlines make informed flight operation decisions, was launched along with other airline operations and planning applications. Hospitality Solutions launched SynXis Booking Engine in-context suite, a first-of-its-kind digital retailing solution to help hoteliers optimize their direct distribution channel – and provide travelers with new booking options to unlock the unique hotel experience that is right for them. To round out recent innovations, the award-winning Sabre TripCase mobile travel app was launched on wearable devices, including the Apple watch. Sabre Airline Solutions has business relationships with 82 of the top 100 of the world's largest airlines, and in 2015, worked with American Airlines to support the largest airline reservations system integration project in history. Hospitality Solutions is the partner of choice for 43 percent of all global hotel brand groups, and it hosts the reservations platform for more hotel properties than the top five global hotel chains combined.
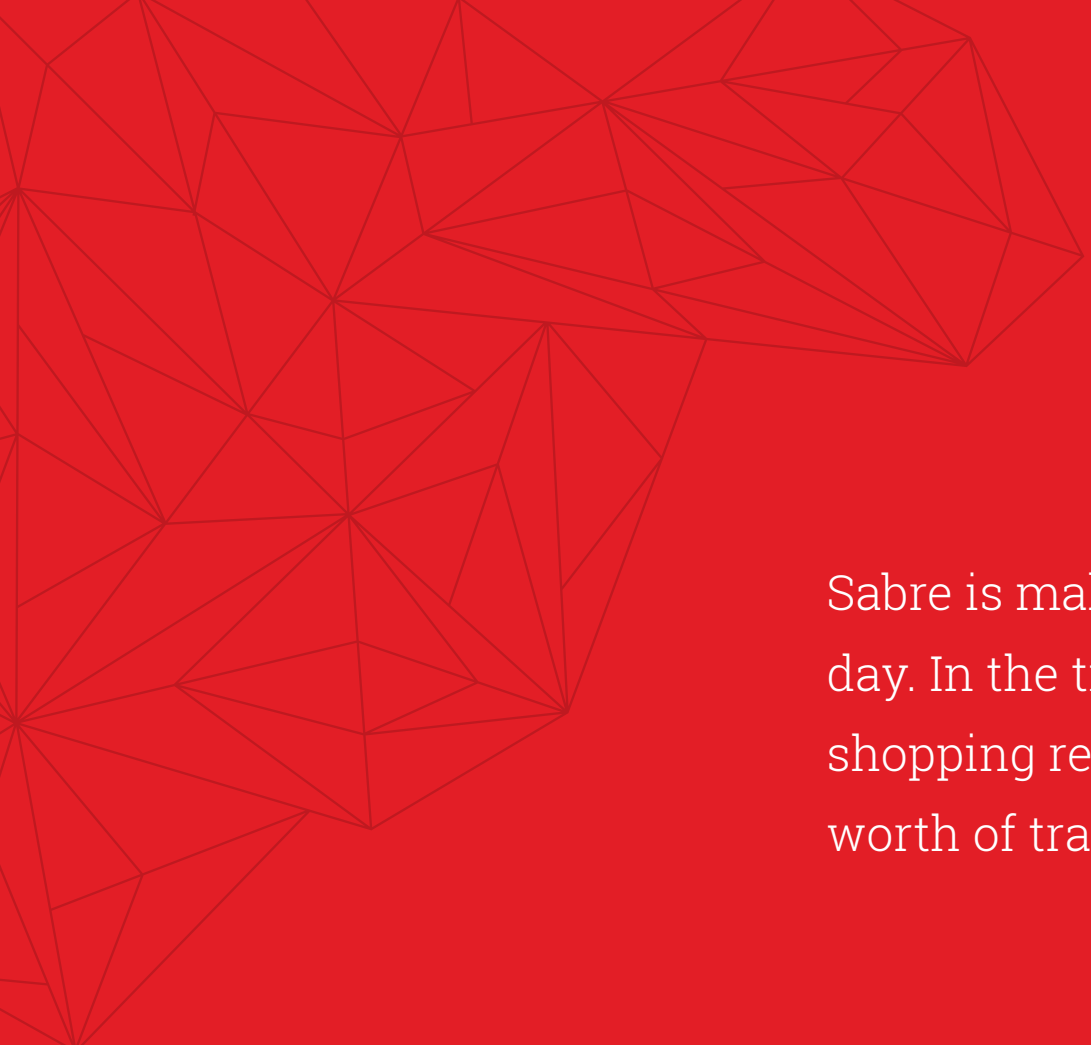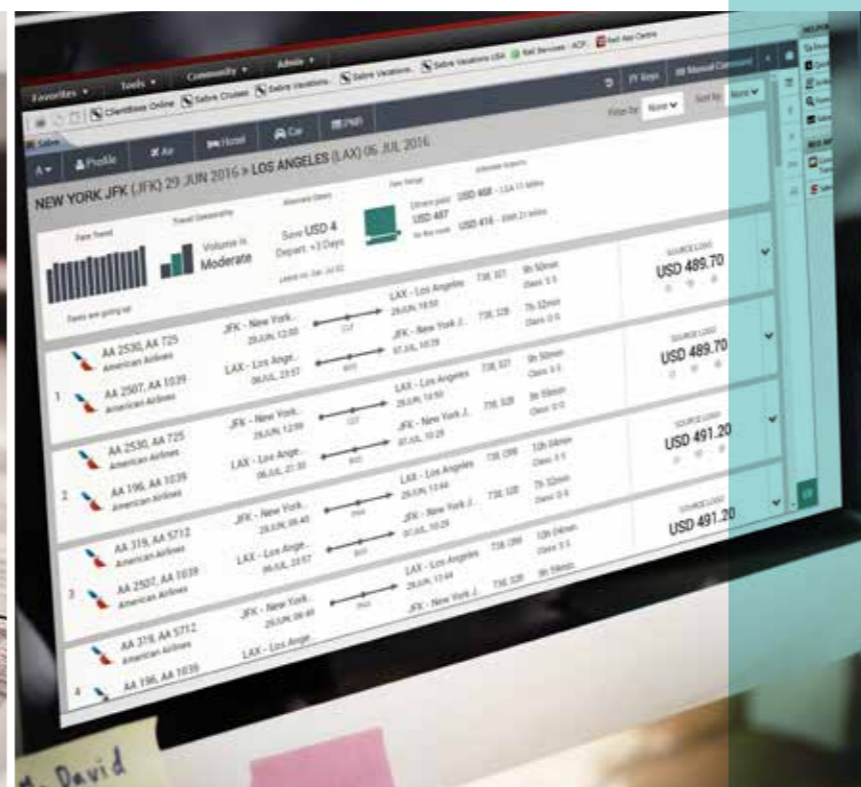
In 2012, Sabre established "Passport to Freedom" a program geared at empowering the travel and tourism industry to end human trade and exploitation.

Sabre expanded its commitment to this program in 2014, announcing the first ever academic scholarship fund of its kind created especially for human trafficking survivors, with the vision to help pave the way for secure and sustainable employment opportunities. In 2013, Tom Klein succeeded Sam Gilliland as President and Chief Executive Officer, and Larry Kellner was named as Sabre's Chairman.

Sabre is now truly a global leader in technology. Its workforce of more than 10,000 people covers six continents and conducts business in more than 160 countries. As it partners with the leading technology suppliers to build upon a powerful global platform, Sabre is bringing rapid innovation to its travel industry customers that rely on technology more and more to optimize revenue, build efficiencies, personalize customer service relationships and operate safely.

April of 2014, Sabre once again became a public company, trading under SABR on the NASDAQ Stock Market.

Sabre is making things happen for our customers every minute of every day. In the time it took you to read this booklet we facilitated 656,000 shopping requests, booked 8,000 trips and processed nearly $1 million worth of travel spend.

Sabre®