

VDR Pursuing Changes To More Air Contract Data Requirements

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By Amon Cohen

German travel managers' association VDR is gunning for modifications to corporate data requirements in agreements with more airlines following its successful effort to force changes to Lufthansa's domestic contracts.

Germany's cartel authority, the Bundeskartellamt, announced on December 20 that [Lufthansa no longer will require](#) clients to submit to its AirPlus International subsidiary card payment details with all airlines. The authority launched the probe in April 2011 following complaints from corporate clients and the travel office of the German federal government that were coordinated by VDR.

With the Bundeskartellamt labelling the relevant contractual clauses "anticompetitive," VDR believes a precedent has been set to prevent airlines from offering deals only to customers that agree to forward all their air data. "The implications go beyond Lufthansa's domestic contracts," said Jörg Martin, owner of CTC Corporate Consulting and head of VDR's airline committee. "This is a step in a new direction. Lots of contracts require data."

VDR executive director Hans-Ingo Biehl shared a similar sentiment. "Our views have been vindicated," he said. "It is vital that we follow this up for other contracts. We want to be clear where our data is going. We would encourage other associations in Europe to look at this and we could take it up through GBTA Europe." VDR also is considering whether to bring the matter to the attention of the European Commission.

Biehl added that VDR's concerns include contracts managed by third-party data intermediary Prism, a subsidiary of U.S.-based Sabre. Numerous airlines, including Lufthansa for its global contracts, require clients to authorize submission of their data to Prism as a means to establish marketshare requirements and verify performance. Although Prism always has claimed to take many precautions to mask client data and only takes from travel agents data feeds with the explicit approval of the client, some travel managers have said they remain unhappy with the arrangement. They argue that they have little alternative to "volunteering" their data to Prism because it is almost impossible to obtain a reasonable contract from airlines without doing so.

Prism vice president for Europe, the Middle East and Africa Herman Mensink said there are crucial differences between Lufthansa domestic contracts and those which use data managed by Prism. The first is that Lufthansa required clients to submit data to one of its own subsidiaries, whereas Prism is an external data manager. The second is that Lufthansa's domestic contracts are based on volume targets, whereas Prism handles data for market share-based contracts.

"If you want to do a deal based on market share, there is no way you can achieve that without measuring the client's data with other airlines," said Mensink. "The Prism approach is that it is a neutrally managed contract based on market share. The Lufthansa approach was

that you couldn't get the contract without providing the data to the Lufthansa Group. With Prism, it's an opt-in. We are an outsourced IT department for airlines to manage the contract."

Regarding the accusation that clients have no realistic alternative to submitting data to Prism, Mensink said: "That's an airline issue, not a Prism issue. I can understand why VDR wants to look into this but it doesn't boil down to a data issue. It's a dealing issue. Do you want your contract to be measured or don't you? VDR seems to want deals based on market share without providing the data or both parties being able to manage the contracts professionally."

A Lufthansa spokesperson told *Business Travel News* that "no changes are planned" for its requirement to feed data to Prism for global agreements. The company also said that while it is complying with the ruling of the Bundeskartellamt, it had not engaged in anticompetitive behavior because it prevented its passenger airline from seeing competitor information. Lufthansa claimed that was accomplished via a filtering system through which AirPlus processed the data before forwarding it to Lufthansa Revenue Services, part of the Lufthansa Systems airline technology business, and that the only intention was to gather enhanced data about clients' purchases with Lufthansa Group carriers.

"For 2013 we will abandon any delivery of complete airline data by customers," the spokesperson said. "Before, we did the filtering. Now our customers will do the filtering and send it to us, which was the wish of most of them. However, in the whole text from the Bundeskartellamt, you won't find a single sentence which says we misused the data. We were always convinced that our Chinese walls worked fine."

According to a statement from Bundeskartellamt president Andreas Mundt, "The clauses gave Lufthansa access to competitively sensitive information of rival companies. In order to qualify for certain discounts or sales refunds, major customers of Lufthansa had to provide such data. This included not only information about flights booked with companies belonging to the Lufthansa Group and its cooperation partners but in particular also sales data for flight bookings with its competitors."

The Lufthansa spokesperson said the airline will continue to offer back-end rebates in spite of the ruling, although most domestic agreements with its 800 or so clients are based on upfront discounts.