

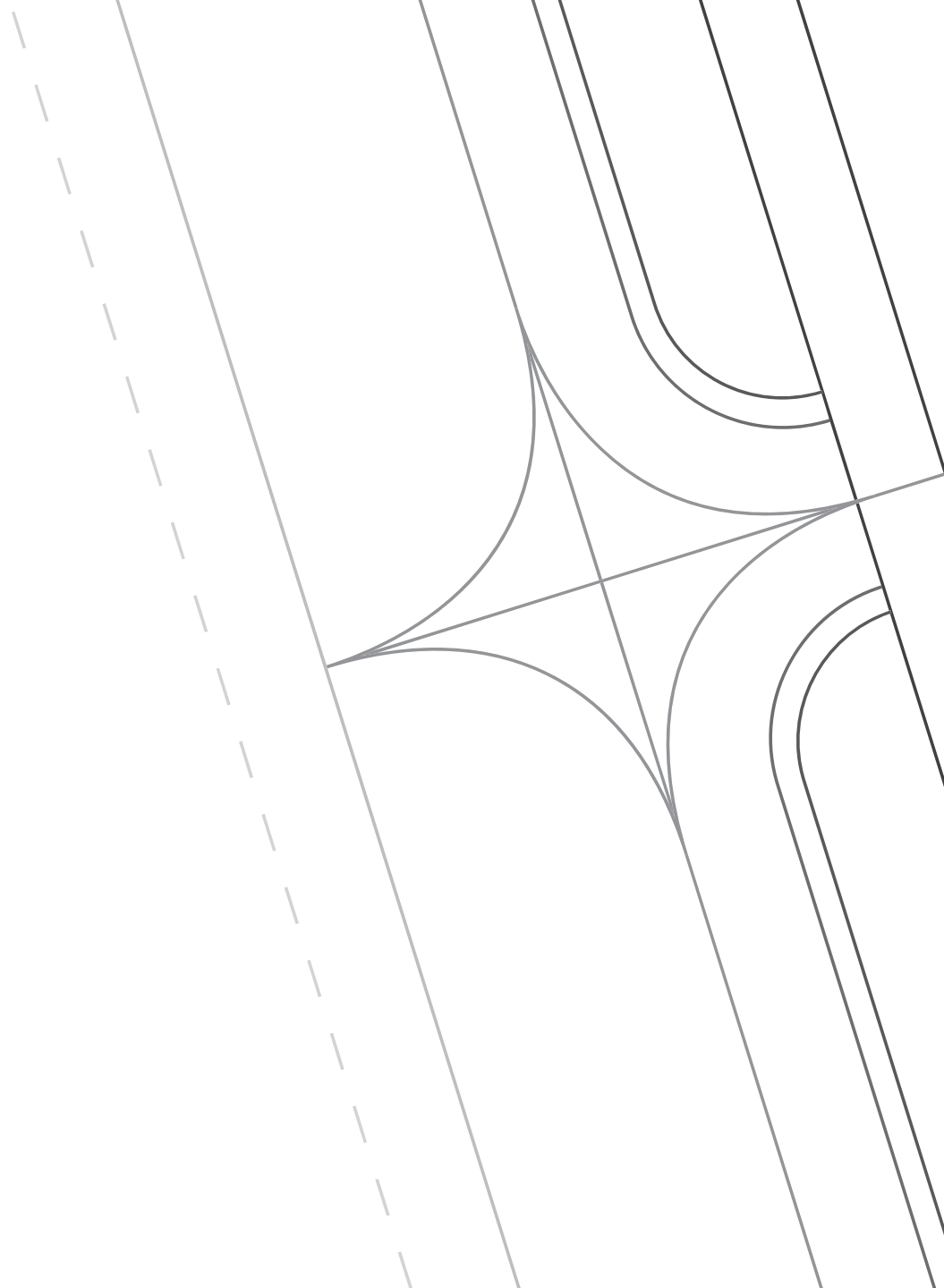
**ARC**



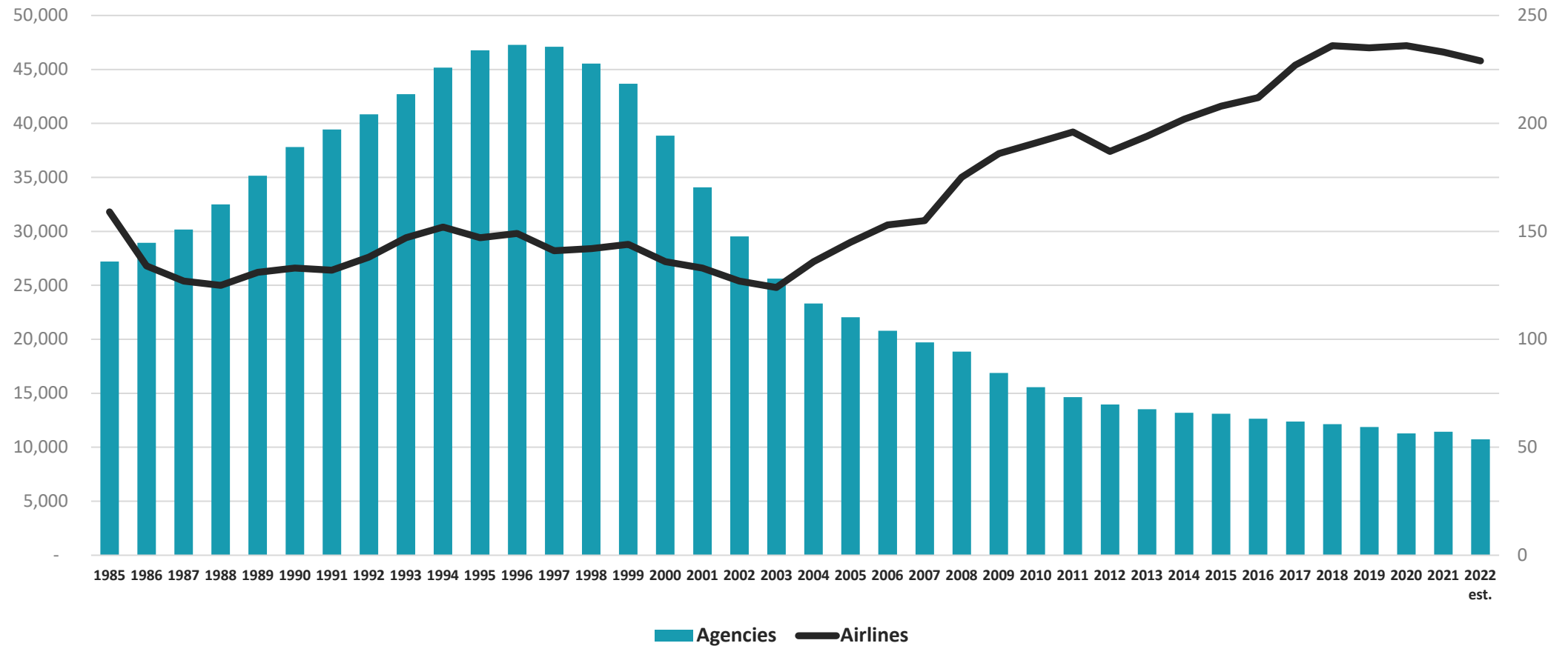
# MIKE HERRITY

**Director, Financial Operations**

[arccorp.com](http://arccorp.com)

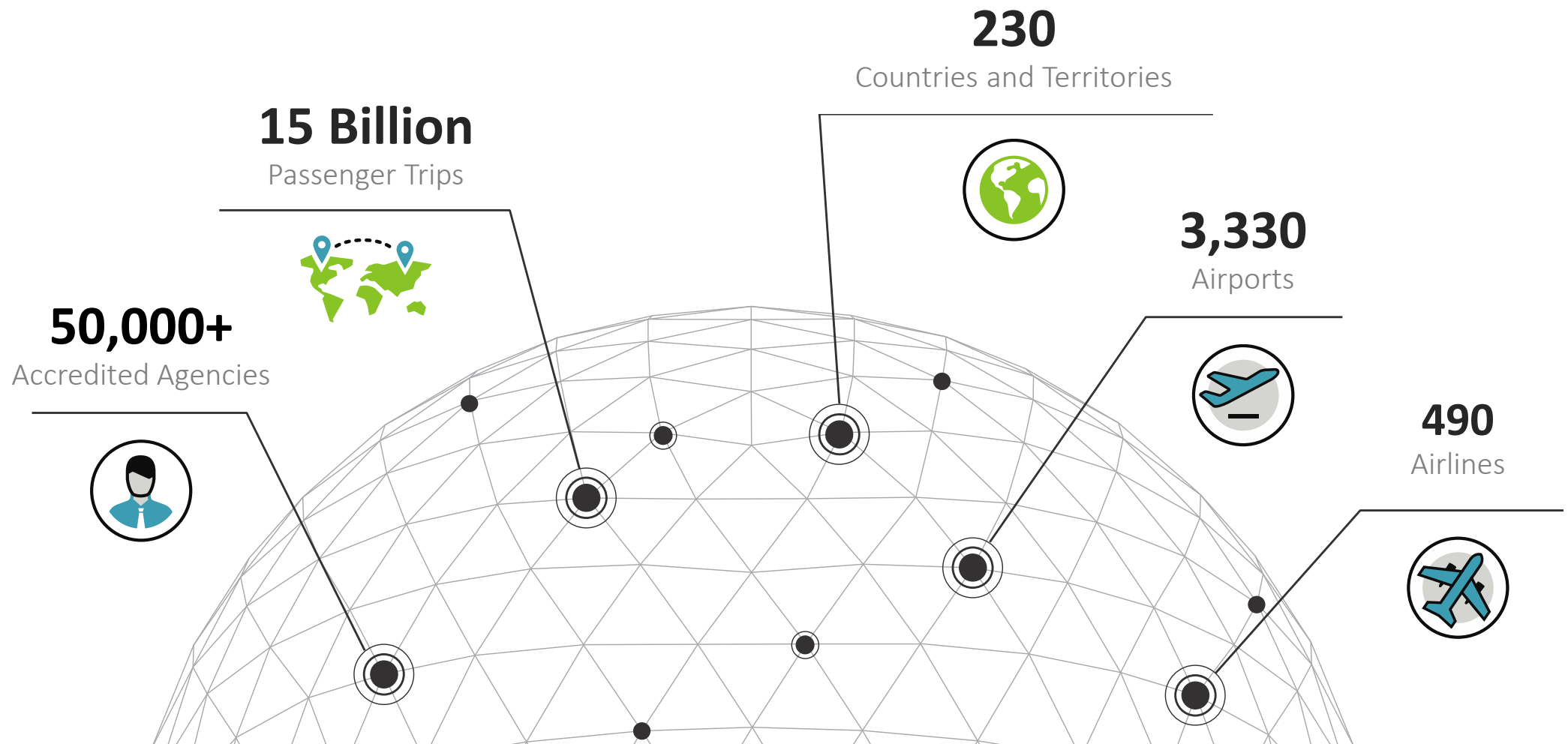


# ARC Airline and Agency Participation



# ARC's Global Dataset

The world's largest repository of global air ticketing data

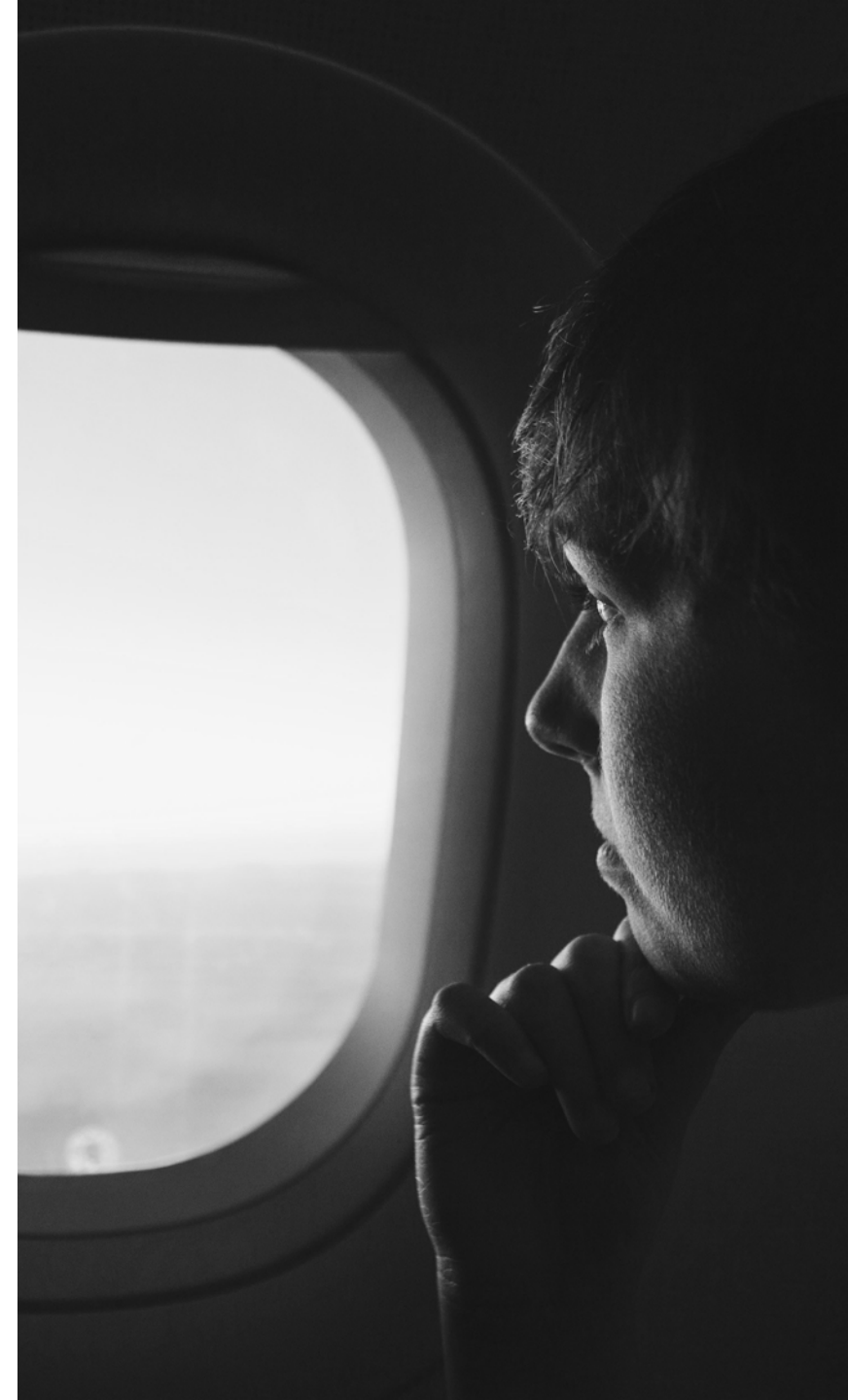


## ARC's Vision

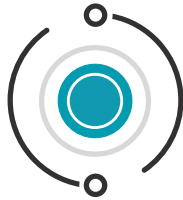
Enable the growth of global air travel to strengthen economies and enrich lives.

## ARC's Mission

Accelerate the growth of global air travel.



# Our Core Business (2019)



**200 Million**

Transactions settled  
by ARC



**\$97 Billion**

Dollars settled  
by ARC



**234 Airlines**

Participate  
with ARC



**11,000+ Agencies**

Accredited  
with ARC

# ARC Core Business (2022)



**169M**

2022 Tickets  
Processed



**\$82B**

2022 Air Sales



**241**

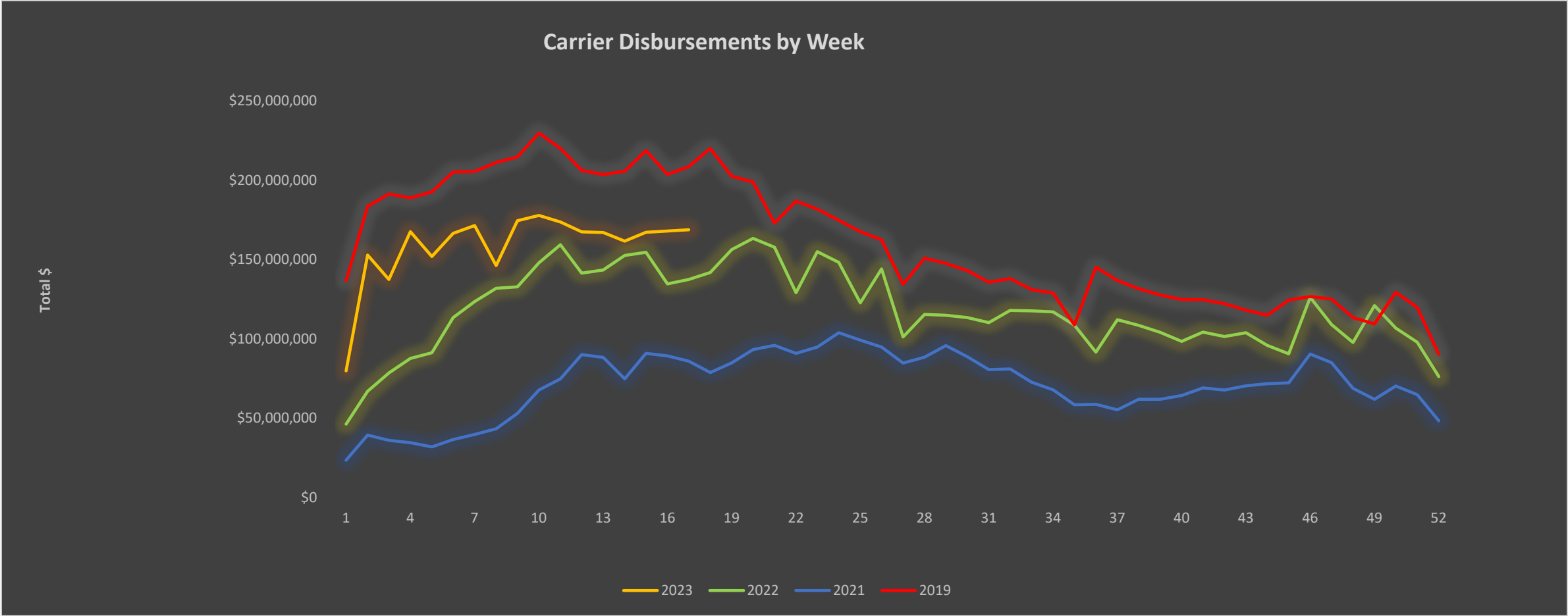
Participating  
Carriers



**10,485**

Accredited Agency  
Locations

# Carrier Cash Settlements

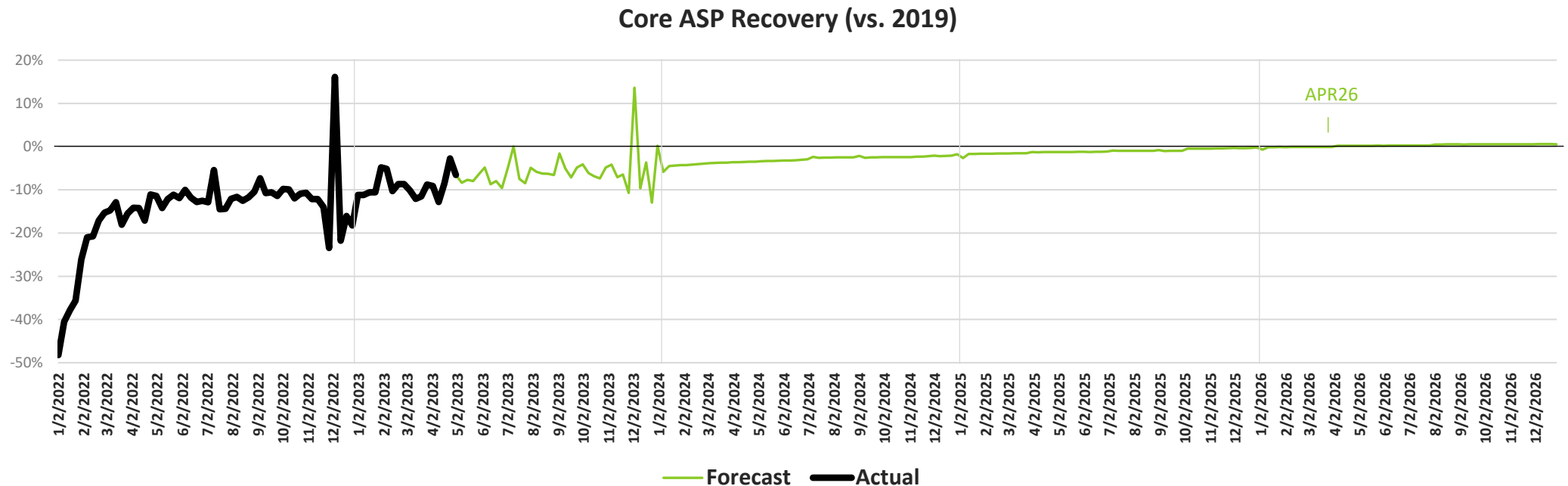




# Transaction Forecast

## Current Transaction Forecast 2023 and Beyond – Core ASP

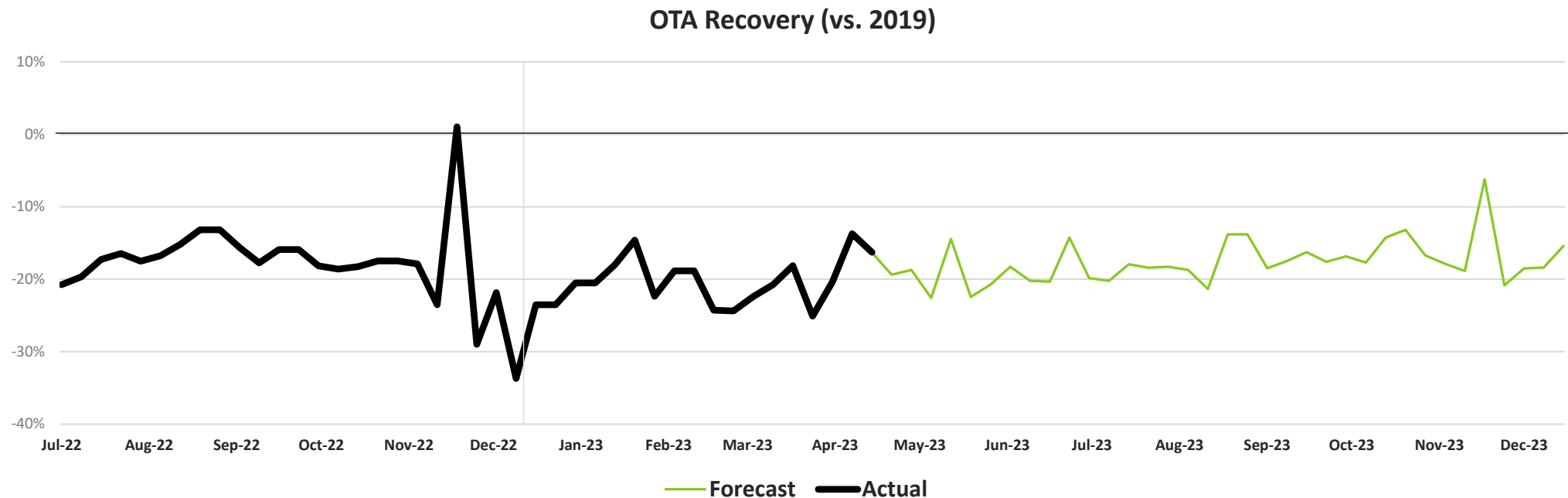
- After recovering from the last Covid variant (Omicron) in early 2022, we've seen a fairly flat recovery trend.
- We're currently seeing results fluctuate around the -10% YOY mark (vs. 2019), with expectations that this will slowly improve for the rest of the year.
- The forecast for the rest of 2023 is to see a modest recovery, finishing the year close to -6% YOY before the year-end holidays.
- Current expectations are for Core ASP volumes to slowly return to 2019 levels by April 2026.
  - The slow recovery expectation is based on the post-financial crisis recovery trend from 2009 to 2015, where we saw stagnant growth for five years.
  - Current inflation concerns also support the conservative outlook.



# Transaction Forecast

## Current Transaction Forecast 2023 – OTA

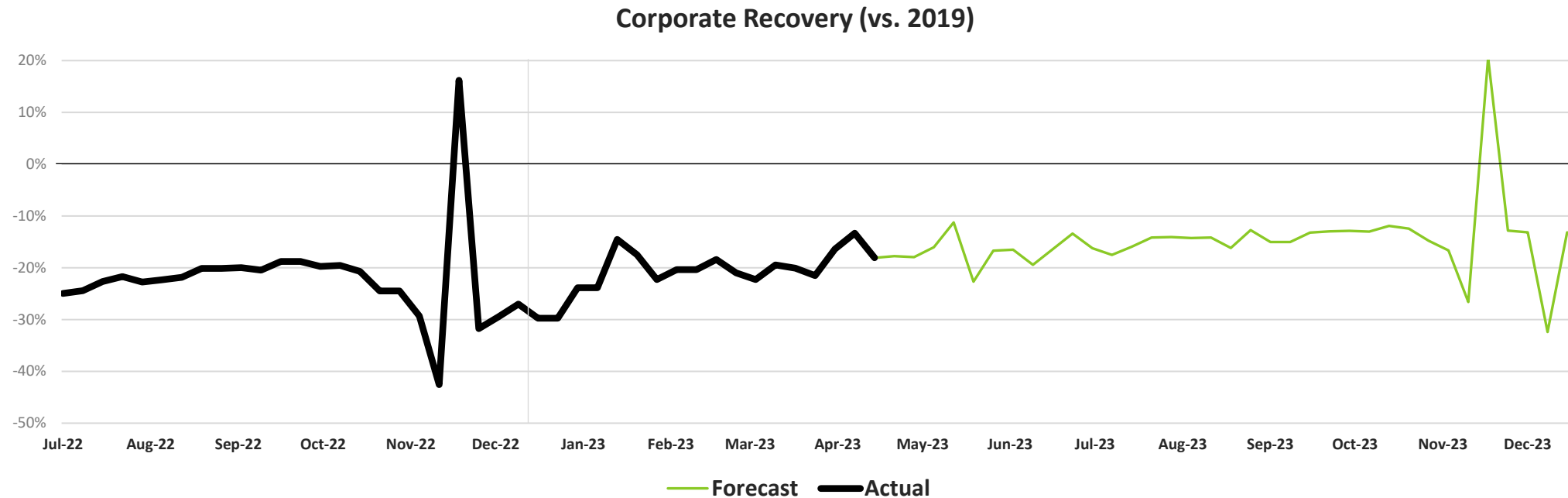
- OTA's were originally the one agency category that recovered the quickest, reaching comparable pre-pandemic volumes by mid-2021. However, since then we've seen the recovery decline.
- The recovery trend dropped down to approx. -20% YOY (vs. 2019) by the Spring of 2022, which is where we continue to see them trend.
- The current forecast is to see this agency category only improve to approx. -17% YOY by the end of 2023.



# Transaction Forecast

## Current Transaction Forecast 2023 – Corporate

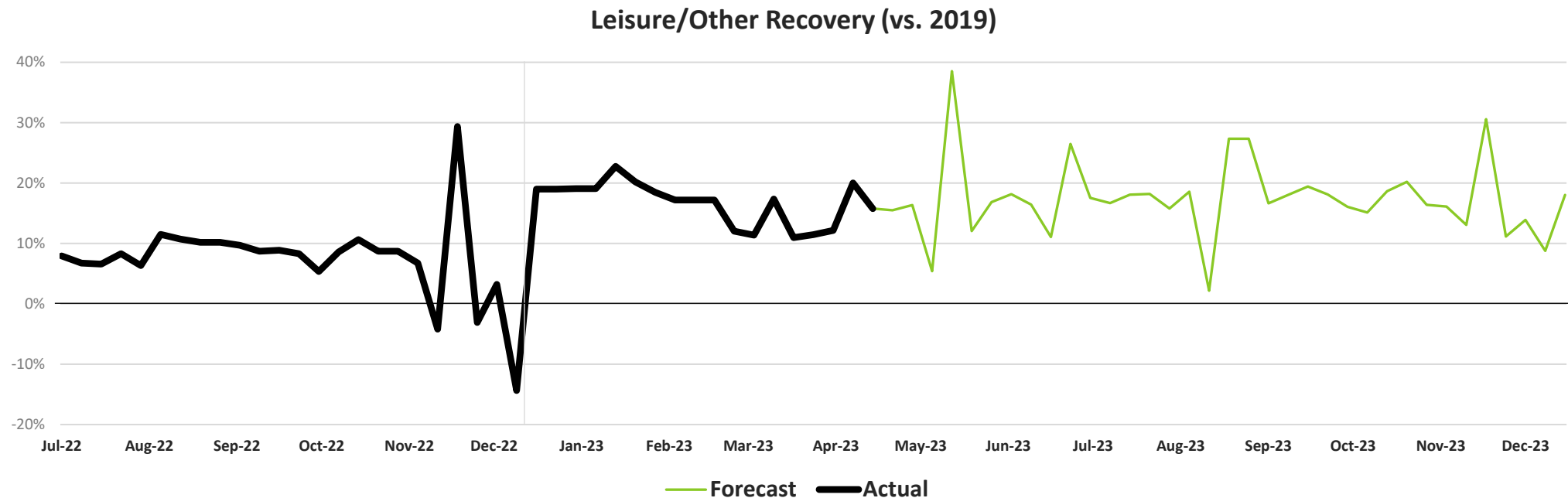
- Corporate agency recoveries have lagged behind the other agency categories and continue to only be approx. 80% recovered.
  - The 1Q23 recovery trend of -20% YOY (vs. 2019) was no better than the 2022 pre-holiday trend of SEP-OCT, although there are signs of some recent improvement.
- Forecast expectations are to continue to see a slow/steady corporate recovery, finishing closer to -12% YOY before the year end holidays.



# Transaction Forecast

## Current Transaction Forecast 2023 – Leisure/Other (Consolidators/Cruise/Tour/Leisure)

- The Leisure/Other agencies began to see transaction volumes exceed pre-pandemic levels mid-year 2022.
- The recovery trend stayed above pre-pandemic levels in 2022 before seeing some year-end decline.
- 2023 saw this agency category bump up to approx. +20% YOY (vs. 2019) to start the year, only to see this trend sag a bit through the Spring months.
  - The Cruise and Leisure agencies are the main drivers behind this 2023 improvement, although the Leisure agencies are showing signs of softening a bit as we progress through the year.
- The current forecast expectation is to see this trend stabilize at its current level through the rest of the year.



A man with glasses and a beard is sitting at a desk in a dark room, using a stylus to interact with a large computer monitor. The monitor displays a technical drawing or diagram. In the background, there are blurred lights. On the left side of the image, there is a decorative overlay of a network diagram with nodes and connecting lines.

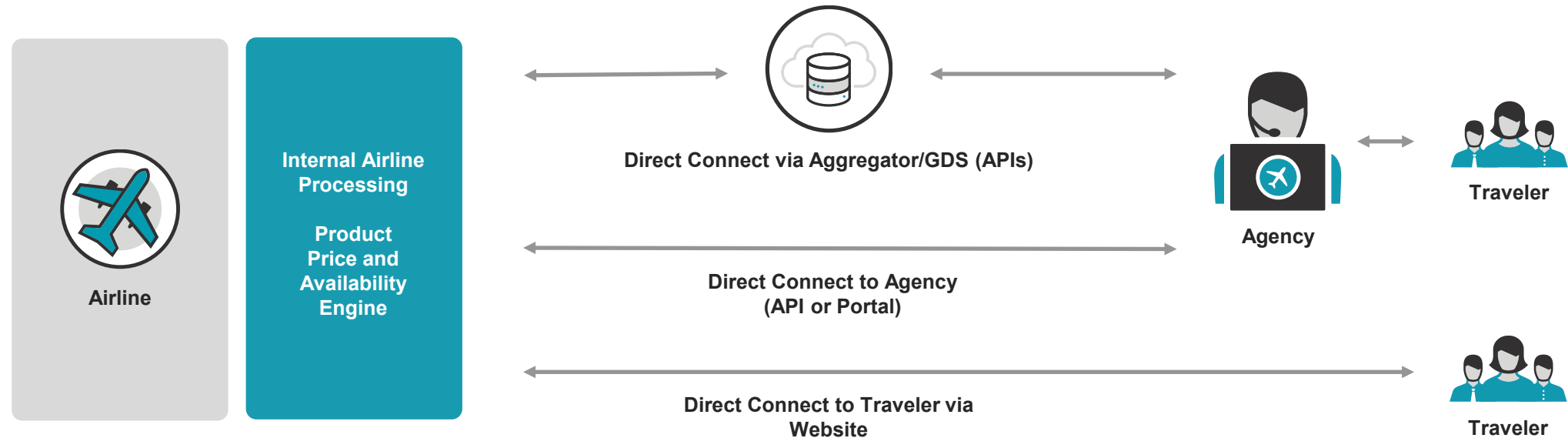
# Direct Connect & NDC

**ARC**

# Direct Connect

## What is Direct Connect?

- Travel supplier provides access to their systems, enabling third parties to search, book, pay, and manage reservations



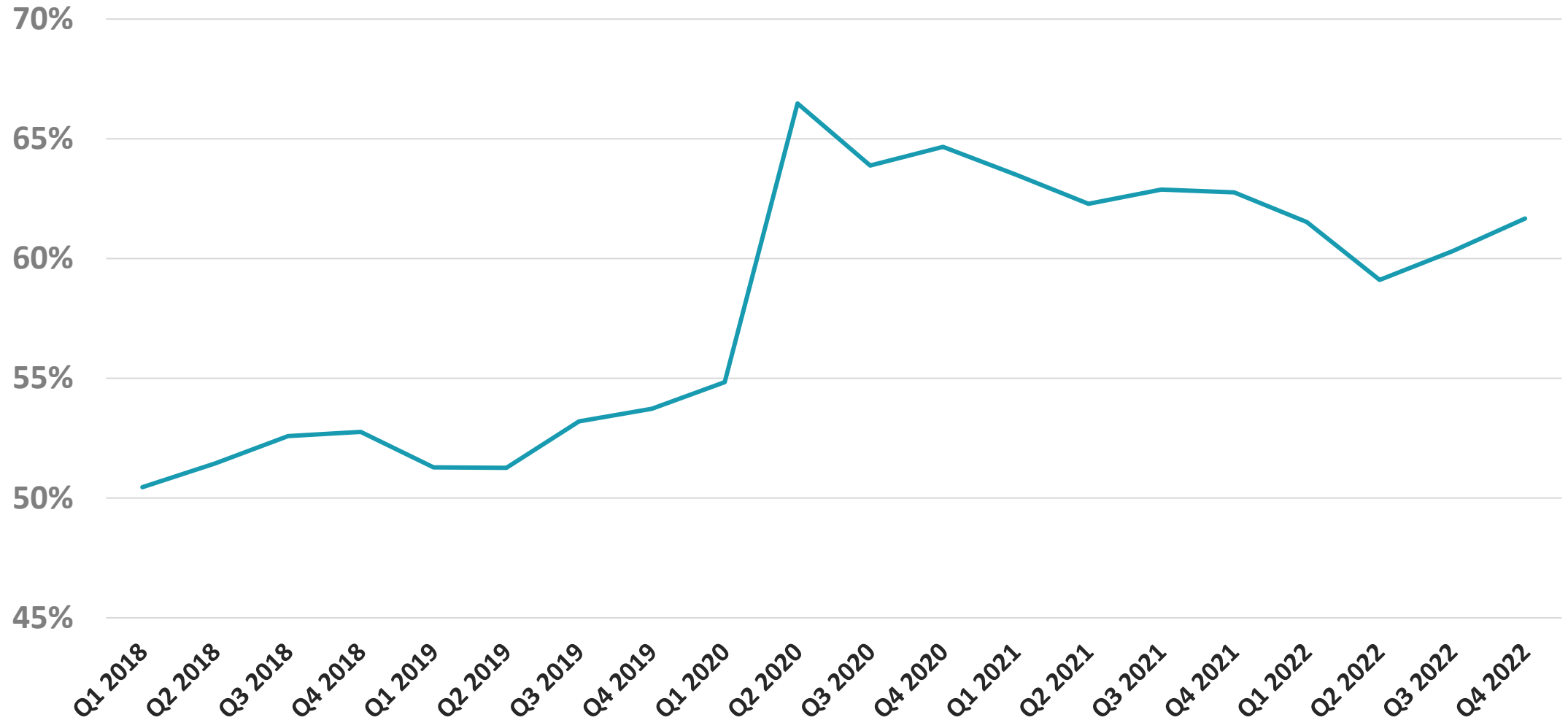
# New Distribution Capability (NDC)

## What is NDC?

- An XML standard introduced in 2015 to offer the following:
  - ✓ Allows the airline to differentiate their products
  - ✓ Airlines know who is shopping and can provide personalized offers
  - ✓ Allows enhanced merchandising through rich content
  - ✓ Offers a more modern approach to airline retailing

# The Direct Channel is Growing

Share of Direct Tickets, All DDS-Contributing Carriers, US POS





# ARC Direct Connect

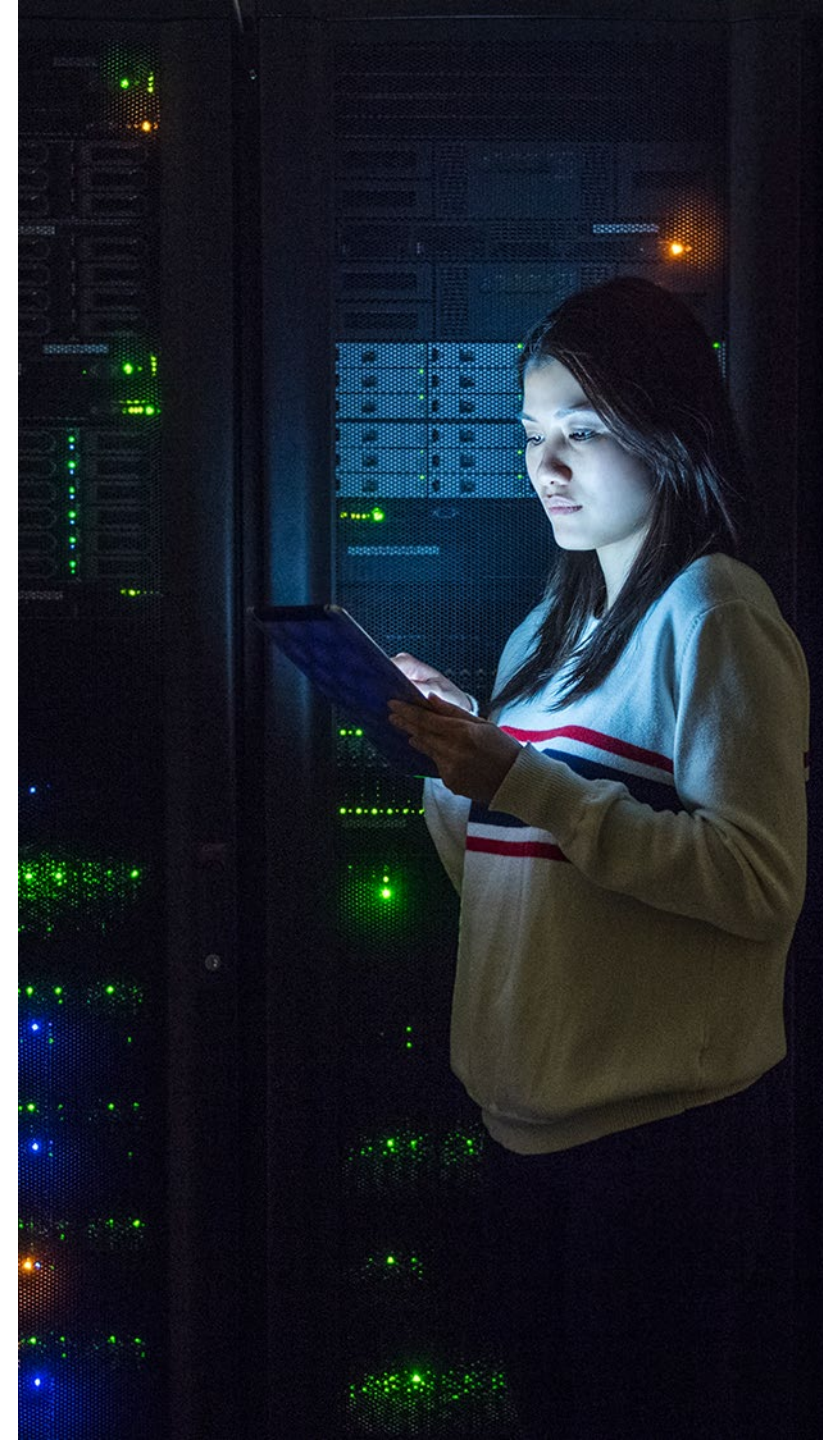
How ARC supports direct connections

## Airlines

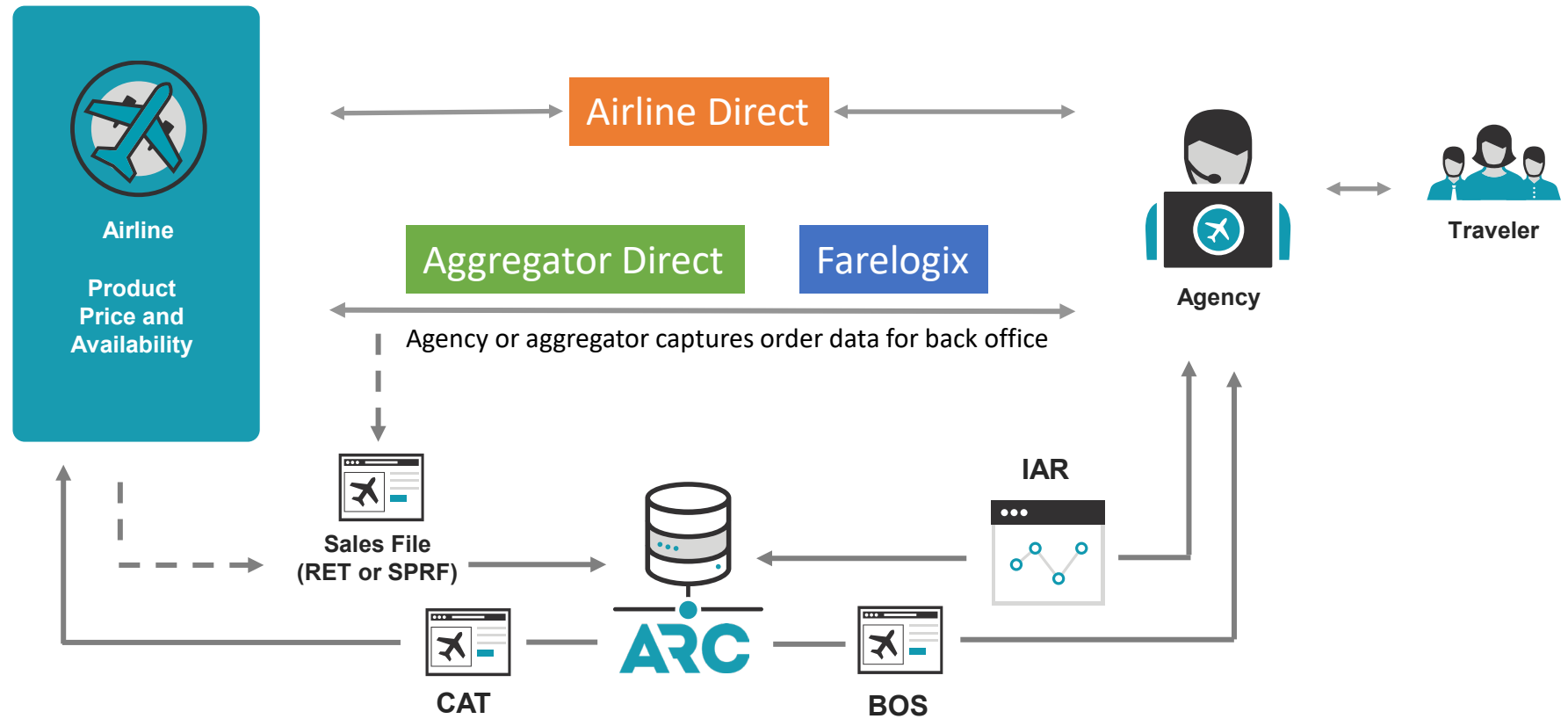
- ARC's direct connect solution **provides a flexible, secure product to report and/or settle transactions** with sellers
- Airlines can distribute their content with sellers **using any aggregator or a direct API** and transmit data to ARC for reporting and settlement
- Airlines can choose **how** they want to transmit direct connect transactions to ARC and **unique transaction business rules**

## Agencies

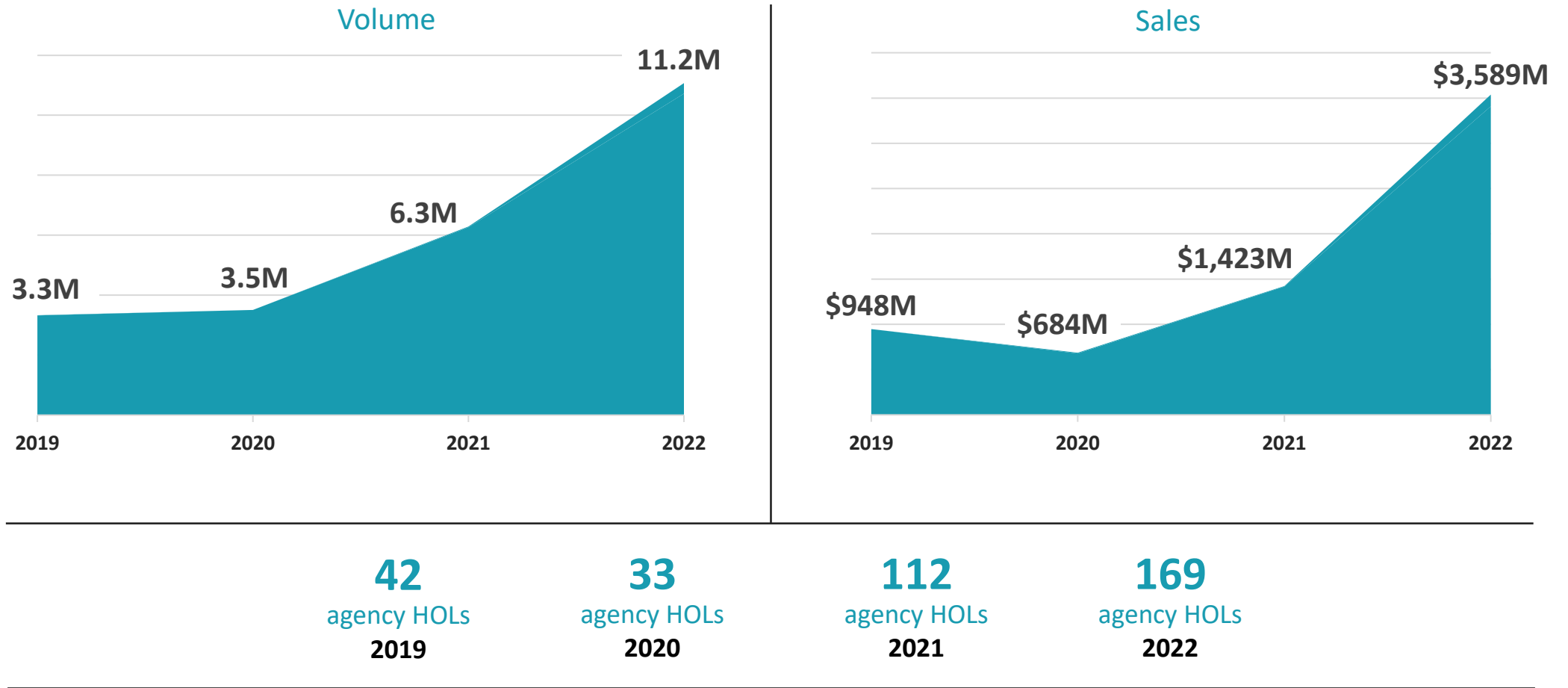
- **Consistent experience** with IAR and BOS for all transactions (GDS and DC)
- Ability to **differentiate DC from GDS transactions** in IAR
- Agency can receive **up-front commissions** due for direct connect transactions



# Direct Connect with ARC Settlement



# ARC Direct Connect is Growing



# What's Next for Air Travel and ARC?

## Airlines

- Business and int'l recovery
- Shop-offer-order-pay
- Product differentiation
- Customer experience
- Lifetime value and loyalty

## ARC

- Expand and enhance data, distribution and financial services.
  - Get more data to enrich products.
  - Enable “buy anywhere, get service anyhow” capabilities.
  - Future-proof settlement and ARC Pay.
- “I love my job!” - supporting teamwork, professional development and innovation

ARC

# Thank you

[arccorp.com](https://arccorp.com)

**ARC**