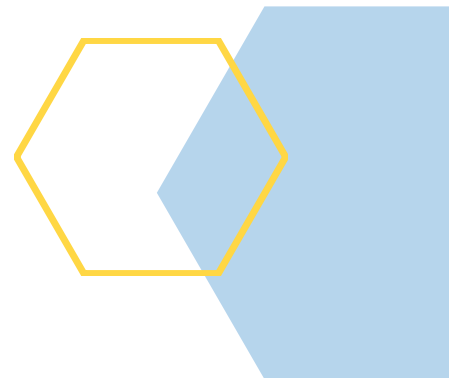# Kambr Win Shakes up the RM Market

THE FACTS

Kambr, a recent start-up in the revenue management field has won the business of AirAsia, one of the giants of the LCC world, for its Eddy RM system. Assuming that the implementation is successful, and traffic returns to "normal" over the next few years, this would establish Kambr as one of the market leaders in Revenue Management.

THE ANALYSIS

Kambr was founded in 2019 by a group of senior managers who left Revenue Management Systems (AirRM) following that company's 2017 acquisition by Accelya. Despite the fledgeling company having to operate in the face of a global pandemic it has established itself with three solid customers: Corendon Airlines of Turkey, SKY Airline of Chile and Ural Airlines of Russia. In normal times these airlines would board over 15 million passengers per year, giving Kambr a solid base to build operational experience. The addition of the AirAsia group's volumes however is a game changer. The Malaysia-based airline is one of the giants of the LCC world and represents over three times the volume of the existing customers combined.

Despite the challenges that the COVID-19 pandemic has brought it has also created opportunity for a credible new entrant that is able to bring novel thinking to bear on revenue management. Existing RM systems are focussed almost entirely on fare revenue despite the fact that in the LCC world ancillaries account for a substantial proportion of airlines' total income. They also use historical data and advance bookings as the basis for forecasting. In the current environment these data are far less valuable and certainly cannot be used without serious modification to take into account current market conditions. A further issue for many airlines is that the pandemic has forced them to lay off large numbers of staff including experienced revenue management analysts. This creates more opportunity for a new entrant whose system is more intuitive in use and less reliant on high levels of experience in its users.
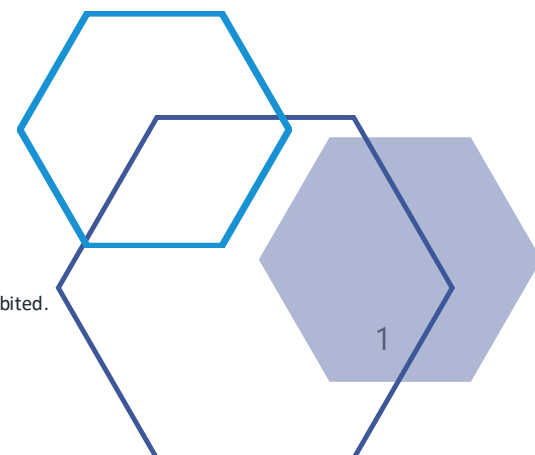
Kambr has been able to address all of these issues by building a new platform from the ground up. Although many of its competitors have been adapted to run in the Cloud, Kambr's Eddy is Cloud-native. This allows it to maximise the efficiencies and versatility inherent in Cloud deployment. The developers have recognised that modern RM needs to include more than just historical data and Eddy is able to incorporate shopping data and competitor fares. It also allows for flexibility in both connectivity to existing data and in workflows that make it attractive to a wider range of airlines.

The implementation at AirAsia is complete although incumbent supplier Accelya has not publicly conceded the loss of the account. There are still some questions to be answered but it is clear that Kambr has already moved beyond the stage of being a plucky start-up and must now be considered a serious player in the market for revenue management in LCC and Hybrid airlines.

THE SPECULATION

In 2021 it may be foolish to make any firm predictions about the future size and shape of the airline technology industry. The environment is changing rapidly and it is possible that the pandemic has more unwelcome surprises in store. Despite that we may speculate a little about future trends.

In the first instance Kambr's target is surely the market share currently enjoyed by Accelya. Not only did the key players at Kambr come from AirRM but the segment-based approach currently embodied in Eddy is suited to the LCCs and hybrid airlines that make up Accelya's customer base. With 84 airline customers and around 17% of the market by volume this is an obvious target. Smaller competitors like Maxamation, Lufthansa Systems and RTS should also be looking over their shoulders. This should keep Kambr's sales force busy for the next couple of years.

First View : Kambr win shakes up the RM Market
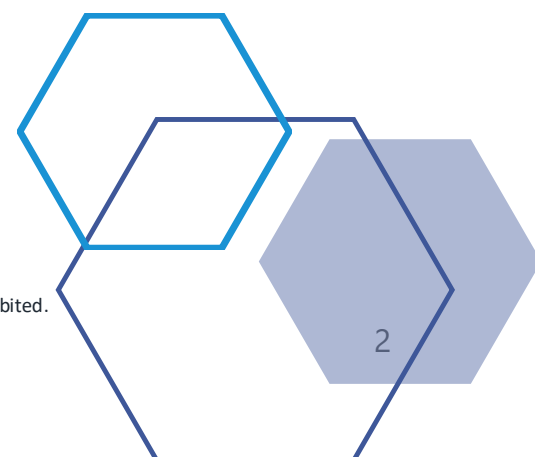
In the longer term prospects for Kambr will depend on the post-pandemic evolution of the industry. Early signs are that many established airlines plan to move towards a business model closer to that of the LCCs, with far more direct distribution and less emphasis on hub and spoke networks. So far Kambr has shown no inclination to move beyond its LCC/Hybrid market segment but the fact remains that before COVID-19 network airlines represented 70% of the total market volume. If Kambr were to add a basic capability in network optimisation it could find itself competing with the likes of PROS, Amadeus, Sabre and airlines' own development shops for a share of a much-expanded market. Adding even a limited measure of Origin and Destination control would be a significant task requiring time and further investment but with a credible solution the potential prize would be huge.

T2RL is an independent research and consulting company that specialises in the market place for airline IT systems. Based on data gathered and analysed since the year 2000 it has defined and tracked classifications of airlines and their IT providers. Its research is used by airlines to enable them to make informed choices of systems and vendors and by the vendors to help them develop products that best meet the current and future needs of the airline industry. For further information, visit our website at www.t2rl.com.