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Q&A: Decius Valmorbida, President Of Amadeus' Travel Unit (w/Audio)

By Jay Campbell • October 25, 2024

Amadeus named Decius Valmorbida president of its travel unit in August 2020. A native of Brazil, Valmorbida originally joined Amadeus in 2004 and has been a member of its executive committee since 2017. He spoke on Oct. 22 with The Company Dime during a live interview on the LinkedIn Audio platform. Among other topics, he responded to assessments of the strengths and weaknesses of Amadeus and global distribution system providers generally; revealed thinking on opening up the Amadeus platform to customization by travel management companies; acknowledged travel managers' concerns that personalization means higher fares; recognized significant diversity across the corporate landscape in the context of the market strategy for online booking tools, particularly Amadeus' Cytric; and took a thinly veiled jab at ERP provider SAP, parent of Concur. A transcript edited for brevity and clarity follows. Click [here](#) to listen to the complete discussion.

Recent industry voices in our coverage, including a former Sabre executive and former [TMC leader](#), suggested that airlines want to move away from segment fees and that GDS disintermediation is inevitable. How do you respond to this perspective?

We started as a GDS, but during these last decades, we have diversified into being a successful IT company in many verticals. Is the model evolving? We believe that definitely, yes. And we see that as a positive and an opportunity.

Can you share how the revenue model is evolving in that traditional GDS channel in response to direct connections and NDC?

Airlines continue to have to reach audiences where they do not necessarily have a direct

relationship. Maybe a North American airline does not have a direct relationship with an agency in Japan. As you have those situations, the model around offering reach with a [segment fee](#) and the necessary [incentive](#) that the agency in Japan will receive — those flows and those models continue. But, as you move closer to your home market, the more technology an airline has, the more you want to depart from a static world into a more dynamic one. And then, maybe different business models are going to be set up. We don't feel that we are the ones who will define the business model. It's going to be something that the market will define.

As travel management companies have gradually built or acquired their own technology capabilities, what core GDS

services do you believe will remain essential to their operations in the long term?

GDS is a popular term, but I think it talks about a construct that existed in the past — very efficient, by the way, because it allowed global expansion of an industry because you were able to standardize and make the possibility of all agencies on the planet [using] similar business models, similar technologies, so it helped the growth — but, essentially, you had three elements in there: You had a commercial model based on segment fees and rebates; a standardized type of API, which is EDIFACT; and the travel IT piece, the technology that powered the agencies in how they do business. As the industry has grown, all of these dimensions have expanded.

In terms of the business model, you have several as well. You have the traditional segment and rebate, but you [also] have a subscriber pay, you have [private channel](#) and a whole bunch of other setups that can exist. And for a long time now, travel agencies have developed their own proprietary technology by which they are trying to differentiate. And they're creating their tech stacks that rely on core PNR technologies, search technology and aggregation technology that the travel tech companies provide. On the front end, they are already doing customization. Where do we see our strength? Continuing to provide

that base technology and that core technology, and, more and more, we're trying to open the possibility of our own modules to be given to, let's say, TMCs and travel companies so that they can customize and build on top. We're certainly not alone [in that regard]. We want to enable a smooth end-to-end journey, which is the ultimate objective of all of the actors in the industry.

[Amadeus](#) and [Lufthansa](#) over a decade ago were exploring personalization concepts for corporate accounts, but full implementation of [personalization](#) in the industry seems to be elusive today. What are the main obstacles to widespread adoption?

To really unbundle and create products that are constructed by the choice of the traveler, you need to have a flexible airline engine. So we need to move from the passenger service system (PSS) into offers and orders. We have our first three clients of Amadeus going through that journey [using the [Nevio](#) Offer & Order system], which is going to be a multi-year program to deliver. That is the first building block. When we have more and more airlines that have that configuration, personalization will be a step closer.

The second thing that you're going to need is dynamic distribution. So it means that you'll need to have something like an [NDC](#), which can react dynamically to how these systems are working — or whatever new technology



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President of the Amadeus Travel unit

will come, as NDC has been around for 12 years. We could envision and we could argue that maybe there is going to be something new and something extra that is going to be coming on top that will allow for that dynamic element being present on distribution.

The third element is making the entire value chain see this as a win-win. Because if you say “personalization” standalone, and you talk to a corporate travel buyer, they will say, “So, based on my data, you’re going to make something more expensive for me?” We need to move away from that vision of what personalization is and [toward] building products that people will see as an advantage to them — that the more context they share, it means that they’re going to have an offer and a proposal that is going to bring a benefit versus the anonymous buy. It needs to be a better deal, no?

Amadeus has more than 60 airline NDC agreements. Besides personalization, how do you see NDC reshaping corporate travel over the next two to three years?

TMCs around the planet have been investing in their own technology stacks. So, if you come with a naked API, how are you going to integrate it into all of the processes that a TMC has? Contrary to what some people may think, we’re talking about a highly automated business that needs strong performance and strong integration to deliver a tight experience to a very demanding client, which is the corporate traveler. So, for NDC to work there, it means that from that naked API, there will be a lot of work. Between a combination of what we can provide, the internal IT teams of the TMCs, online booking tool providers and other types of travel tech companies, we’re all now investing to make that distribution a possibility. I think it is just the beginning.

What I would see in the next three years is the beginning of the adoption and productive use of NDC in the corporate channel.

Looking at NDC implementation across airline alliances, how aligned are partner airlines in their approaches and does success require alignment, or can airlines pursue independent NDC strategies?

If you take NDC as a new way of communicating with a domestic market, you probably can go alone. But if you are a full-service carrier, you are connected and you are behaving on behalf of your partners in a given market and bringing not only your own product but the product of your partners into the fold, then it means that your NDC approach requires commercial alignment with your partners. Do we see that today? We do not see that today, and I think that part of it is the limitations of NDC as a standard and the fact that everyone uses a PSS and not an offer-and-order application. Once those technical obstacles go away, and you have a higher adoption of domestic NDC everywhere, and you have more and more airlines migrating to offer and order, then it means that some of the legacy elements such as interline, code share and everything else will be replaced by more modern, “retailer” solutions.

Historically, standalone online booking tool businesses have struggled, while companies like Amadeus offer that kind of tech alongside other, more core services. Is the OBT essential to the company model, or does it serve as more of a loss leader?

The market is moving from products to solutions. When we talk about “OBT,” we’re talking about a product. So you say that’s how an OBT should look. It should be doing the booking process. It should be doing A, B and C. But then when you get to the reality of the

market, every corporation believes that they are their own world. They would like that product to be adapted to their corporate culture. They would like that product to be adapted to their markets. It becomes a very difficult exercise for you to say that with a global product, you can achieve the level of customization and servicing that a given corporation will need. So that's why we're betting more on the solution front. It is less about creating the "killer product" that is going to be able to cater to all of the requirements, and we're looking much more into how we can go into a partnership approach that is not only going to be Amadeus but is going to be Amadeus together with Microsoft, together with other payment providers, system integrators, TMCs and even other technology companies. How can we bring an overall solution to a services company, to a bank, to a mining company? They all have very different behaviors. We're going to have to build a solution that is going to be customized for that corporation.

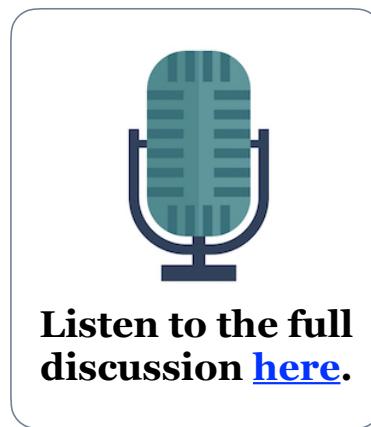
Why do I believe that that is win-win? It helps us move away from the commoditization that is happening — from travel tech companies to TMCs — where you say the more transactional you are, the more you will be put into a simple price comparison. And I think that the more we go into service customization, the more it allows for the TMC to add value, understand corporate culture, build service and create loyalty ... It is good for us as technology providers because we're selling building blocks for people to assemble and get them together. We're trying to drive a future that is more customer-centric, customization-centric, solution-centric and less a "one-size-fits-all"

global product, where my key thing is I integrate well to, I don't know, an ERP system, and that's my "killer" function.

On Cytric Easy's integration into Microsoft Teams, some buyers we've talked to view this as a byproduct of the broader Amadeus-Microsoft cloud partnership rather than a strategic initiative. How do you respond to that perception?

The key collaboration tool in a big enterprise today is Microsoft Teams. It doesn't need to be exclusive. If there are other collaboration tools out there that we would like to integrate, we will go in that direction. At the same time, is this a byproduct of a cloud deal? No one will embark on a given direction if they do not see value. It is one way of doing it. If people have other ideas for improving this, we want to be the tech partner to make them come true. We're happy to take on other requirements and try to create other solutions.

Integrating a workplace tool with the travel booking process is a different approach. What challenges are you finding in terms of getting adoption of the idea?



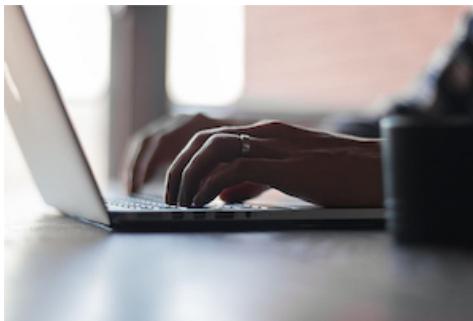
Certainly, the travel manager will be worried about guaranteeing policy compliance within that flow. "If you try to make it very easy for everything to happen, is this bypassing the whole structure of my corporate program?" So that is a concern. If you talk to people in culture and the whole HR view of making the hybrid workspace a reality, and you talk about the integration that this can have in terms of adherence to payment methods and expense management, it opens very interesting opportunities for other personas: the CFO, the business owner, the people in culture. So, the reaction to it is

mixed. There are concerns that we need to address.

On the other hand, the potential of it and the idea of bringing that into a more collaborative, conversational environment gets a lot of people saying, "This is a much more natural place where travel is being debated," rather than on an end stream when you have already planned everything, and you're just inputting on the tool. That's not really where the planning is happening and the decision is [being made]. Wouldn't you love it if one of the features you have is that while you are having that Teams conference, you're saying, "What would be the best location for the four of us to meet, given the restrictions that we have in our agendas and where we need to be on the next day? What is the cheapest, most convenient location for the four of us?" Everything starts with this meeting. "We all have agendas — can someone solve the constraint and tell us where to go?" That is the place where a lot of innovation can take place.

Most corporates have the option of directly contracting with the tech developer or, on the other hand, working in a reseller-type arrangement with a TMC. What's the role of the TMC as you go to market with Cytric?

How many corporations exist? We start that number at 400,000. And then from there, you need to multiply by what is the buying pattern and the buyer behavior of a given corporation — do they take that decision centrally or do they take that decision from different geographies? So, it can be one multiplied by three or four. So, what is that final number? There are so many possible combinations that we have never decided to



say we will only do business with one approach. We certainly entertain the possibility of doing business directly with the corporation. When would corporations like to do that? It's because they believe that they're going to do heavy investments in integrating that system into their own architecture, and they don't want to be making that decision at the same time that they're deciding on the servicing partner. So that is going to be one example.

Another example is that they have selected globally a TMC that is going to do the servicing for them, and what they would like is to use the Amadeus technology. It is a white label for the TMC to build on top of. We have agreements with all of the major TMCs that are resellers of Cytric and can customize and put their flavor on top of Cytric. And then you have other setups [where] people are very happy to take the product off the shelf and just be one more OBT in a series of OBTs, and they let the client choose. Sometimes we're selected, sometimes we're not. We're growing, getting more business, and

getting good feedback, so continuing with a very open mindset is an approach that is working for us.

Despite the company's global success, the U.S. market remains challenging in terms of share growth, particularly in distribution. What are the fundamental obstacles?

For us, North America is a story of success if I have to qualify it. The original, traditional GDS players each had more or less success in a given geography, given their founding airline footprint. But fast forward 30 years, and today we're a travel technology company, and as a travel technology

company, what has been our success in North America? It is huge. In terms of presence, we have over 3,000 people in North America today, and we continue to grow. We service major hotel chains, very large ones and very global ones, midsized chains and independent hotels. We power airlines across the board, from the big majors to smaller airlines, with Altea or through Navitaire. In terms of travel distribution, we don't refer to market share anymore because, essentially, market share today measures EDIFACT-type bookings. You [also] have low-cost carrier bookings and NDC bookings; when you add those, reality can be very different from your share of EDIFACT.

We have very large OTAs, many retail agencies and TMC businesses. We feel very much in a position of leadership in North America and we continue to grow. Every angle that I look at, I find a positive. I'm sure that there are still plenty of hearts and minds that we need to convince, and that's what makes life exciting. This is a market where people have done investments a long time ago. They have a lot of sunk costs. They may be using another provider today, and you must give them a reason to change. And then that reason is to be associated with being the best partner for the future. We have been slowly but surely trying to show every partner that we are that safe bet, that we are that good bet and that we are a global company. We're not a European player; we're not a North American player. We're a global company. And we have been collecting the best brands in the world working with us.

The industry is very different from 30 years ago, as you mentioned. And one of the differences is that success on the supplier side with technology has a different

relationship to success on the distribution side, right? Back when the GDS companies were first created, they were very much tied up with the suppliers, and it was a whole different kind of dynamic. Is there any benefit now on the distribution side from success with hotels and airlines?

That is going to be fundamental. So, if we go back to 30 years ago, this game was around commercial items. So, essentially, what kind of commercials — be it content, be it rebate levels and incentive levels — were offered and if there was a preference by a given supplier with a given GDS, that would prevail on the decision. Given that, the share of sales of a given agency was highly concentrated on the flag airline of the country. Fast forward, and that level of concentration has disappeared. The agencies today are agencies of the traveler. They're not the agencies of the supplier anymore. So they have a very diversified base. They would like to live up to the promise of providing corporate travelers with all of the choice, all of the possibilities, and adding value. So I think the conversation has shifted around, "How can you support me from a technology point of view of me making good on this promise that I have to my corporate traveler?"

There are no crystal balls out there. It is your presence with the leading brands and understanding how they're investing and shaping the future that is the best crystal ball for building what will be the travel distribution technology of the future. Commercial relationships between suppliers and travel agencies or travel sellers are becoming more and more a directed discussion because you are now talking about two very large beasts. You're talking about agencies that are consolidating, that speak on behalf of their clients and would like more and more to have direct conversations with the suppliers

on defining the level of content and level of incentive. They don't need us in that conversation, and we will be happy to be the technology provider that will enable those commercial agreements to exist and make them work.

You mentioned payments. We've seen initiatives from several companies that traditionally were not in the payments business getting into it. Amadeus has made substantial [investments](#) in payments. How are those efforts related to corporate travel, if they are?

Very much so. Amadeus works in partnership with the financial community. We're not trying here to displace the actors that exist but rather to enable them to do business better with those that are out there. So, let's give examples. Today, you have a settlement system between an agency and suppliers that is pretty complicated. You're talking about batch processing, days of cash flow stuck in guarantees and everything else. What if you have ways of doing direct settlement and making that easier, error-free and so forth? So that is one area that we can support. You are talking about lengthy and difficult expense management flows. What if we can vet that and reconcile that payment from the beginning so that at the moment of booking, it is already pre-expensed and pre-vetted? It is going to a corporate card issued specifically for that transaction rather than waiting for that process post-trip to be reconciled back. That brings a lot of efficiency for corporations, TMCs and all of the value chain. More TMCs are getting into meetings and events; more TMCs have to manage situations where they have a number of payment outflows with suppliers that they do on behalf of a corporation.



So, how do we reconcile all of that? How do you guarantee that you have the right invoices? How do you do the simple payment for a CFO guarantee with all of the data that you have? You have trillions of dollars that go through our points of sale, through our industry, that today is being managed out of digital processes, and all of those are potential possibilities for a better service with no friction, reducing cost and even sometimes being a revenue source. Some financial services providers are willing to incentivize the point of sale by saying that "as long as you guarantee loyalty to my payment method, that deserves a reward." So you hit all three key KPIs of any business: customer satisfaction, cost of doing business and potentially a revenue stream. There is a lot of potential there.

How will [artificial intelligence](#) transform corporate travel management in the coming years?

AI hits so many transformational elements of everything with horizontal IT and not only travel. In which part of the business are we talking about AI? AI, at the very beginning, as a machine learning and database [for] helping decisions, is something that we have been working with for decades. So when you're talking about our revenue management systems, our search products, any mathematical exercise —

and in this industry, there are plenty of mathematical puzzles you need to solve to provide an optimal answer — we have all of that AI already embedded.

What is new and very interesting is the frontier of making that technology that was available only to high-qualified, high-end programmers on the Microsoft Office Copilot

tool for everyone in your company. People will be using that and making productivity out of that [in ways] that you are not even imagining. All of a sudden, you're doing sales pitches faster. You're doing background checks on customers and understanding their strategy much quicker. You're creating sales brochures and landing pages that are personalized to customers. You have a whole bunch of interesting, creative uses of what that is going to be. It's very difficult for me to say what the end impact will be because it will be as interesting as the creativity of people having a business problem. In terms of customer service and productivity of companies, this is going to go very far. We're investing in adopting AI in everything that we do. All of our employees have access to Microsoft Copilot.

You have a second use, which is a little bit more doubtful at this stage. Will we have a GenAI able to replace, essentially, humans

and certain tasks of humans because they will be able to take requests, process things, slash costs and be a driver of, say, companies working with 20 percent or 30 percent less headcount? We haven't seen it yet. We have seen a gradual increase in productivity, which means that companies will train their own people on making use of AI and becoming more and more productive and better and better at it every day, rather than an Industrial Revolution-type of change, where essentially you're going to create thousands of people unemployed. Too early to tell. We are as curious as everyone else to see if anyone gets that kind of breakthrough, and if they do, then we'll deal with it like we have dealt with many other technology transformations. We had the biggest data center on the planet, and today, we're going to use a fully public cloud. Sometimes, these transformations happen, and we'll just adapt.

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