

# Google buys travel software company for \$700M

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Internet giant Google announced on Thursday that it was buying ITA Software, a flight information software company, for 700 million dollars in cash.

Google Inc. plans to buy travel technology company ITA Software Inc. in a \$700 million deal that would enable the Internet search leader to steer more of the airline reservations booked on the Web.

The all-cash deal announced Thursday signals Google's intention to challenge flight-comparison services that are ITA customers, including Kayak, FareCompare, Hotwire and Microsoft Corp.'s Bing [Travel](#). The deal is likely to face tough federal scrutiny.

"There is clearly more room for competition and innovation" in online travel, Google [CEO Eric Schmidt](#) said in a conference call. "We will improve the way flight information is organized."

ITA Software, a 500-employee company created in 1996 by computer scientists at the Massachusetts Institute of Technology, sells technology that helps run the reservation systems of many airlines, including American, Southwest, Alaska and Continental. Its software also powers the tools that other travel websites use to track air fares.

Google is counting on ITA's expertise to improve the quality of its search results when people are looking to make airline reservations.

Schmidt predicted the biggest winners in this deal would be consumers, but he also predicted Google would be able to drive more traffic to airlines and travel agencies such as Orbitz and Expedia. Google would profit from ITA's technology by selling more ads alongside the flight data.

Bing has been picking up more traffic with features that help people figure out whether the prices of airline prices are likely to increase or decrease. Like other search engines specializing in travel, Bing checks multiple sites at once for the best deals and sends users to those sites to book there.

The deal is likely to be scrutinized by federal antitrust regulators, given that Google already reigns as the Internet's most powerful company. The [Federal Trade Commission](#) conducted a six-month review before approving Google's last big acquisition, a \$750 million takeover of mobile ad service AdMob.

Schmidt did not predict when the deal might close, but said he expected Google would ultimately win approval after regulators take a "fair amount" of time to review the deal.

"We are pretty confident that this is pro-competitive and pro-consumer," Schmidt said.

Google intends to honor all of ITA's existing contracts if the acquisition is approved. It's unclear whether Google would still want to work with some of its rivals after the contracts expire.

Federal Trade Commission spokesman Mitch Katz declined to comment. The Justice Department did not immediately respond to a message for comment.

Shares in [Google](#) rose 41 cents to \$439.90 in extended trading Thursday after the announcement. Earlier, shares were down \$5.46, or 1.2 percent, to close at \$439.49.

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