

Google's \$700 million ITA buy cleared with conditions (Update)

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The Justice Department's anti-trust division, however, extracted a number of concessions from Google and imposed conditions on the Internet search giant to allow the controversial acquisition to go ahead.

The proposed legal settlement, which will need the approval of a US District Court, requires Google to notably develop and license ITA's travel software to other companies.

Several online travel sites, including Expedia, Kayak and Travelocity, had sought to block the Google-ITA deal, claiming it would give Google too much control over the lucrative online travel market and lead to higher prices.

The Justice Department agreed that unless modified, the acquisition "would have substantially lessened competition among providers of comparative flight search websites in the United States."

But US deputy assistant attorney general Joseph Wayland said the proposed settlement "promotes robust competition for airfare websites by ensuring those websites will continue to have access to ITA's pricing and shopping software.

"(It) assures that airfare comparison and booking websites will be able to compete effectively, providing benefits to consumers," Wayland said.

ITA, a 500-person firm founded in 1996 by Massachusetts Institute of Technology computer scientists, specializes in organizing airline data, including flight times, availability and prices.

ITA flight data software is used by many US airlines and a number of leading online travel sites, including Expedia's Hotwire and TripAdvisor, Kayak, Orbitz and Microsoft's Bing search engine.

Under the settlement, Google agreed to let ITA customers extend their contracts into 2016 and to let new customers license ITA's QPX software on "fair, reasonable and non-discriminatory terms" into 2016. Google also must offer ITA's next generation InstaSearch product to the sites.

Google is also barred from entering into agreements with airlines that would restrict sharing of seat and booking class information with its

competitors.

In addition, Google will be required to build a "firewall" that will prevent it from gaining access to competitors' proprietary software which runs on ITA servers.

Google senior vice president Jeff Huber welcomed the approval of the deal and said "by combining ITA's expertise with Google's technology we'll be able to develop exciting new flight search tools for all our users."

FairSearch.org, a coalition of opponents of the acquisition which includes Google rival Microsoft, welcomed the conditions imposed on Google.

"By putting in place strong, ongoing oversight and enforcement tools, the department has ensured that consumers will continue to benefit from vibrant competition and innovation in travel search," FairSearch.org said.

Another group, Consumer Watchdog, expressed concern that even with the conditions on the deal, Google will "ultimately win control of the travel search industry, driving ticket prices up for consumers."

Google has said the ITA acquisition will help it create new tools that will make it easier for consumers to search for travel, compare flight options and prices and drive more customers to online travel agencies. Google has said it has no plans to sell airline tickets or set airfare prices.

Google has drawn increasing government scrutiny as it has grown from a scrappy startup into the dominant player in Internet search and the ITA settlement marks the first time it will be subject to anti-trust supervision.

The US Federal Trade Commission reached a settlement with Google last week over Google Buzz, the social networking tool rolled out last year which spawned a slew of privacy complaints.

Under the settlement announced by the US regulator, Google is required to implement a comprehensive privacy program and will be subject to independent privacy audits every two years for the next 20 years.

Last month, a US judge dealt a setback to Google's plans for a vast digital library and online bookstore, rejecting a copyright settlement hammered out by the Internet giant with authors and publishers.

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