

Onboard airline sales firm opens in Dallas

GuestLogix of Canada establishes U.S. headquarters in DFW and is seeking to expand offerings for airlines

BY MATT JOYCE | STAFF WRITER

A Canadian technology company that provides airlines with the tools to charge for meals and other items during a flight has established a Dallas office and is working to expand its offerings to include in-flight booking of entertainment and transportation services.

GuestLogix Inc., which trades under the symbol GXI on the Toronto Stock Exchange, opened its GuestLogix USA office in Dallas in early September. The Dallas office serves as the company's North American headquarters.



O'NEILL

GuestLogix sells point-of-sale devices and hosts the technological support services that enable airlines to swipe the credit and debit cards of passengers buying in-flight items.

Formed in 2002, GuestLogix's business has flourished as airlines increasingly look to ancillary fees to try to turn a profit in an era of high fuel costs and low ticket prices.

"The airlines have been very creative at driving these additional ancillary revenues, and we have been very strategic in helping support that initiative," said Patrick O'Neill, GuestLogix USA's senior vice president and general manager.

Robert Herbst, founder of AirlineFinancials.com and an independent airline analyst, said the industry's use of ancillary fees gained momentum in mid-2008 when fuel prices spiked. Ancillary fees now account for 8 percent to 15 percent of revenue, depending on the airline, he said.

Baggage and reservation fees are the two biggest revenue generators for airlines, Herbst said. Airlines are not required to report revenue generated by onboard charges for items like sandwiches.

"A lot of people have this idea if they did not have these ancillary fees that airfares would stay the same price, and that's just simply not true," Herbst said. "The airlines have got to have these revenue sources, and if they did not have the ancillary fees, airfare prices would be much higher."

GuestLogix, which has about 150 employees, posted about \$28 million in revenue in 2010, a 38 percent increase from 2009.

The company has about 90 percent share of the North American passenger traffic, including contracts with Dallas-based Southwest Airlines and Fort Worth-based American Airlines.

The presence of those airlines and the volume of passenger traffic in North Texas are partly why GuestLogix selected

Dallas for its North American headquarters, O'Neill said.

He said the company also liked Dallas because of its business-friendly environment and proximity to potential new markets in Latin America.

GuestLogix plans to employ 20 to 30 people in Dallas to start with and has already hired most of them, O'Neill said. They include business analysts, project managers, program managers, executives and a logistics technician.

He said the company did not receive financial incentives from economic development groups for establishing the Dallas office.

Chasing spending

O'Neill said the company is focused on growing its partnership with airlines by expanding its business model.

Next will be providing passengers with an opportunity to buy tickets for transportation and entertainment tickets at their destination.

"We're getting beyond the onboard items that you typically may have experienced while traveling and starting to look at things like destination opportunities — sports events, theaters, transportation, theme parks," he said. "We're trying to bring that into the aircraft."

Airlines focus on about 37 percent of a customer's total direct spending during

TAKING OFF

NAME: GuestLogix Inc.
BUSINESS: Travel technology
HEADQUARTERS: Toronto
LOCAL ADDRESS: 14901 Quorum Drive, Dallas 75254
OWNERSHIP: Public
TOP EXECUTIVE: Tom Douramakos, president and CEO
EMPLOYEES: 150
ANNUAL REVENUE: \$28 million
PHONE: 972-776-6801
WEB: www.guestlogix.com

a trip, O'Neill said. GuestLogix wants to work with them to chase some of the other 63 percent.

"The unique thing an airline has is they know exactly where you're going and they probably have a good idea of the things you might want to do when you're there, maybe even specifically tailored to the weekend," O'Neill said.

GuestLogix has already rolled out the destination ticket service on one airline operating in the Asia Pacific region, and it's testing the service at two major North American airlines. It has 13 programs set to go live by the end of fiscal 2011.

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