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Guest comment: DataArt's Charlotte Lamp Davies on the rise of mergers

As the industry matures in technology terms, more and more firms will rise or fall by their ability to maintain a technological lead over their competitors.

With so much of business and consumer interaction through online and mobile offers, people already have informed knowledge of what to expect from firms whose services they use. This is no different for travel firms; they will live or die by their tech. For the established firms the clear solution to plug gaps is acquisition. With a clear understanding of how to make this work, travel companies can, even in the increasingly competitive market, succeed and preserve their future.

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The trade has been in a state of enormous flux as new technology upends the industry’s established norms. New start-ups are launching disruptive tech left, right and centre, representing a real challenge to the established firms in the industry. Now the empire is striking back.

Across the board a clear trend towards more mergers and acquisitions can be identified. Examples can be seen across the industry, including Ctrip acquiring Skyscanner, JacTravel acquiring TotalStay, Amex GBT acquiring KDS, on-going discussions on the acquisition of TripAdvisor and Egencia swallowing up multiple travel management companies. The list goes on.

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In an increasingly competitive environment, companies are looking to grow through acquisition and supplement their offerings by absorbing smaller, disruptive firms. Companies in our industry are under intense pressure in the current market place.

Shifting traveller preferences and an ecosystem informed by people’s experiences with other industries have lead to an increasingly difficult environment for travel firms to grow in. Consolidation is the clear preference for the big players in the industry to safeguard future growth and ensure that their offer remains at the cutting edge of travel tech.

With a bunch of people in a shed in the middle of nowhere, able to invent something that will disrupt entire industries, the path of least resistance to new customers and markets is for firms to take advantage of established assets and purchase or merge with the disruptors. This, however, is not without clear challenges.

At DataArt we work with multiple travel companies who have acquired or merged with firms. Each faces unique challenges, but some things are true for all. The integration risks – handling time and resources to complete integration between two distinct tech systems – can be the different between an acquisition's success or failure.

Without the correct strategy and expertise and the willingness to devote time and money to the process, tech integration will not work out to the detriment of the company and their customers. Travel brands now have to accept that change is a constant rather than a one-off, as they bid to ride the evolving wave of both consumer behaviour and technology.

Combining these factors with merger and acquisition activity, or simply trying to keep up with the completion, means companies have to keep digital transformation as a regular agenda item. On June 22 in London, this topic will be further explored with a panel of leading travel trade luminaries at the 6th annual DataArt Travel Question Time.

The travel experts on the panel will be sharing how their companies have tackled the issues of post-acquisition integration and the wider problems with tech innovation as well as what this relentless drive to keep evolving means for the industry as a whole.

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