



Showcase

Rearden Commerce

Abstract

Rearden Commerce is seeking to establish the dominance for services that Amazon has established in the realm of consumer goods distribution. Rearden Commerce's new product and its supporting platform are capable of aggregating and managing transactions for a broad variety of services. The initial launch focuses on travel services, both traditional (air, car and hotel) and nontraditional (car service, airport parking), as well as event tickets, shipping and conference setup.

Built on a solid technical foundation and backed by a strong business model, the Rearden Commerce Network has the potential of being a category killer, not just in travel, but in many other service areas. This article showcases the company's technology, business plan and product offering.

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Introduction

In February 2005 Rearden Commerce announced its first clients, large corporations signed on to deploy the Rearden Commerce Network: a services-on-demand platform that automates procurement of employee services including travel, package shipment,

conferencing and dining via a single Web interface.

Who is this new kid on the block? Are they a viable competitor to GetThere, Concur Technologies' Outtask and TRX? What are the implications of services on demand and what do package shipping and Web conferencing have to do with travel?

This article explores the vision of Rearden Founder and CEO Patrick Grady, whose direction is largely responsible for what is potentially one of the biggest new things to hit the travel industry – and perhaps the services industry – in some time. PhoCusWright examines Rearden's plan for competing with entrenched players in the corporate travel space.

Figure 1: Overview of Rearden Commerce

Background: Started in 2000 as Talaris with venture funding of US\$67 million. Renamed Rearden Commerce when it exited stealth mode in 2005. Assembled impressive leadership, and technical and business advisory teams.

Product: Rearden Commerce Network, an application service provider (ASP)-based suite [or as Rearden terms it, Software as a Service (SaaS), a single instance, multi-tenant model] that uses a service oriented architecture (SOA) to provide:


1. Aggregation of content from over 135,000 suppliers, directly and through intermediaries.
2. The ability to shop and book air, car, hotel, dining, parking, car service and event tickets within an integrated trip framework.
3. The capability to select and schedule express mail/shipping services.
4. Tools to book audio/Web conferences.
5. Ability to easily add content, services and suppliers.
6. A user-centric vs. trip-centric perspective.

For 2-4 above:

1. User/management configurable tools to set individual or group identity-based specific rules governing options in conjunction with corporate policy.
2. Cross-supplier shopping and purchasing (booking) capability.
3. Integration with HR systems.
4. Reporting and analytics.
5. Integration with User's personal management systems (e.g., Microsoft Outlook, Lotus Notes, Blackberry).
6. Notification of changes.

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Business perspective

Rearden Commerce's efforts over the past six years have focused on two major objectives:

1) To develop a compelling business model that enables the aggregation and distribution of services in the manner that Amazon has established a business model for the distribution of goods from a worldwide network of sources.

2) Develop a world class services aggregation and distribution platform.

Grady observed that consumption of services (not just travel) is a major issue for corporations, costing them billions of dollars annually and that except for traditional travel (i.e., air, car and hotel) there were no useful mechanisms to apply corporate policy controls or to achieve economies of scale for non purchase order (PO) buying. In fact, in the U.S. alone, the value of services consumed by corporations is estimated to be about \$471 billion. In addition to this, employees lose substantial productivity as they struggle to consume fragmented services from multiple service providers.

Early Internet successes generally focused on tangible goods where inventory was real. However, no one was able to extend this concept to the world of services (beyond travel). Notable attempts were Microsoft's Hailstorm and General Magic's Envoy. One possible reason for this is that Web 1.0 just wasn't ubiquitous or robust enough to support broad scale services distribution.

Enter Web 2.0 with data standards (XML), connectivity standards, ubiquity (broadband in over 50% of U.S. households, dialup in another 25%), all on a foundation of the much heralded but little realized service oriented architecture (SOA) (see Figure 2). Rearden recognized that the Web 2.0 convergence would enable a services distribution platform and conduit to the myriad services previously available only offline.


Figure 2: Service Oriented Architecture

Service oriented architecture (SOA) is an application architecture in which services are defined using a description language, with business process interfaces that are platform independent, making services generally available to clients regardless of which operating system, device or language they are using.

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Armed with a compelling vision, venture funding, a supportive Board of Directors and an impressive list of technology and business advisors, Rearden has built a world class services aggregation and distribution platform along with a robust personal assistant for employee access and a real-time corporate policy control panel.

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Business differentiation

In most corporations, selection of the travel management company (TMC) generally falls under the purview of the corporate travel manager. Increasingly, TMC management, travel budget and T&E expenses fall under travel's domain and increasingly travel falls under procurement. The Sarbanes Oxley Act (along with business globalization) has been instrumental in driving this shift in reporting lines to ensure an audit trail, process standardization and a more disciplined approach to travel management. Even if the company were only pursuing the travel domain, Rearden's argument is quite compelling (see Figure 3). There are major savings to be realized by managing the 48% of currently unmanaged T&E-related services either through controls or economies of scale. Some savings estimates run as high as 20%.

Figure 3: Managed and Unmanaged T&E



Source: Rearden Commerce

If a corporation is already entrenched with another TMC and its software product, Rearden can easily make a value statement around its dining, shipping or conference set-up services. This gets Rearden Commerce in the door and provides an argument of incumbency for future service offerings when the TMC contract is up for renewal.


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Market insights

Rearden has created a core platform coupled with compelling initial service offerings that appeal to multiple corporate cost centers. The company has also teamed with an impressive list of over 30 channel partners to provide extended marketing of its services, among them BCD Travel (formerly WorldTravel BTI), Balboa Travel Management and Omega World Travel. Additionally, by establishing a business model based on service fees, subscription fees and advertising, Rearden is not dependent on travel management fees alone.

A major aspect of its business model is the enablement of what Web heavyweights like Eric Schmidt, CEO of Google, have dubbed The Long Tail, whereby a large number of products with low sales volume can collectively make up a sizable market (see [WA1](#)). Some potential opportunities for Rearden include: airport shuttles, charter flights, currency conversion, medical evacuation, phone rental, passport and visa, security alerts, trip insurance, wireless access, catering, conference rooms, event planning, document printing, document shipping, notary services, e-postage, courier, gifts and contextual merchandise. Adding additional services is not difficult. In the last six months, Rearden has added car services, parking services and event tickets. To facilitate addition of more services, they will be enabling self activation tools for suppliers.

The ability to aggregate and distribute these Long Tail services is a key part of Rearden's business plan.

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Technical analysis

The Rearden platform is a Java-based, integrated, loosely-coupled, commerce platform built from the ground up using pure SOA principles.

The key components are:

The Rearden Commerce Network: This is the supplier side of the platform. Suppliers usually connect using industry-standard adapters. Where no standard exists, Rearden has defined it. In the early days, Rearden developed custom adapters for each service provider but as it gains strength in the marketplace, it is able to set defacto standards. All data transfer is XML based. Tools for supplier self-activation are forthcoming. Security is either through dedicated lines or strongly encrypted VPNs on the open Internet.

Orchestration Engine: At the core of the Rearden Commerce platform is orchestration, which provides the business logic, including administrative controls, workflow management, supervisory access, alerts and reporting. All data manipulation in the platform uses a standard internal XML schema and Services Business Language (SBL), a home-grown version of Business Process Execution Language (BPEL), the emerging industry standard. SBL goes beyond BPEL to accommodate services aggregation, manipulation and distribution. Administrative controls are provided through an internally developed rules

engine that can be changed in real time through a browser interface. Additionally Rearden stores a purchase record (or "Super-PNR" in travel) containing the business logic to handle adds, changes and deletes.

Personal Assistant: This is the business user interface for consuming services on demand. It includes shopping, booking, requests, and exception and notification tools. An important feature is that employees will be able to have different personas depending on their location or interest (e.g., leisure vs. business). It supports multiple devices and formats including browsers, PDAs and cell phones and automatically updates user calendar programs including Outlook and Lotus Notes. This allows the employee to find and purchase services as a component of their daily life. It also provides a bridge from a transaction- or trip-centric model to a user-centric model.

Services Console: This is where the system controls are exercised. It provides the tools to set up individual and group profiles and to set corporate policy permissions and thresholds for the procurement of services. It allows procurement or travel managers to turn on/off or throttle services or merchants. It also includes reporting and analytics.

IT User Console: This is the interface for IT access and to connect third party data such as HR data. This is done through internal Web Services.

Rearden has created a scalable services aggregation and distribution platform that has the potential to go far beyond travel. To support the travel commerce services, Rearden uses ITA Software for air shopping and availability. ITA provides a robust XML interface and good response time. From there, the actual pricing occurs in the servicing computer reservation system (CRS) or global distribution system (GDS). They use a similar approach with Northstar Travel Media for hotel information. Plans are to integrate Google Maps for US domestic while Maporama will continue to provide international mapping.

An impressive set of leaders (see Figure 4) and technical advisors were enlisted to guide the platform development, including Travelocity founder Terrell Jones and technology strategists from Sun Microsystems, Google and Sabre. Rearden's product development team continues to improve and maintain the system with major enhancements every three-four weeks and bug fixes every two weeks.

Figure 4: Rearden Commerce Leadership Team

Patrick W. Grady

Founder, Chairman, and Chief Executive Officer

A recognized pioneer in Web Services and On-Demand technologies, Patrick Grady has guided Rearden Commerce to a commanding leadership position within the Services-On-Demand market. Prior to founding Rearden Commerce, he spent 10 years in various venture capital, private equity, and operational roles in the technology sector.

Tony D'Astolfo

Vice President, World Wide Sales

A 25-year travel industry veteran, Tony D'Astolfo has long been considered one of corporate travel's leading experts, based upon his

extensive strategic and tactical experience. Prior to joining Rearden Commerce, D'Astolfo served as Senior Vice President at Sabre Holdings, where he ran GetThere, Sabre's online business-to-business e-commerce unit.

Mark Orttung

Vice President, Products and Engineering

Mark Orttung, responsible for Product Strategy, Engineering and Network Operations, brings more than 16 years of experience in online services procurement, enterprise product development, and systems integration to Rearden Commerce. As Vice President of Product Marketing at GetThere, a Sabre Company, Orttung directed the online travel management provider's product strategy.

Jeff Pulver

Vice President, Marketing

Jeff Pulver is responsible for the global direction of Rearden Commerce's marketing and brand strategy, corporate communications, and demand generation efforts.

He joined Rearden from Siebel Systems, where he managed the Global Marketing organization. Pulver was responsible for all of Siebel's outbound marketing functions across the U.S., Asia, Latin America and Europe.

Gabriel Sandoval

Vice President, General Counsel

Gabriel Sandoval joined Rearden Commerce with over 10 years of legal experience advising high-tech companies in Silicon Valley. As General Counsel for Rearden Commerce, he oversees all corporate legal matters, including intellectual property protection, licensing, contracts and strategic alliances.

Note: For a complete listing of Rearden's leadership team, including Board of Directors and technical and business advisors, visit www.reardencommerce.com/company/background.php

Source: Rearden Commerce




Future plans

Rearden is quiet about future plans, but a number of B2B and B2C announcements are

forthcoming over the next 12-18 months.

Among the areas of development:

- Opening of services APIs for third parties to build value-added applications on top of Rearden's Employee Business Service.
- Rearden has indicated that some corporations want employees to have access to the platform for personal use. Depending on the quality of the information and discounts, this could be a new source of competition for the OTAs.
- New channel partners.

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Rearden Commerce: www.reardencommerce.com

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Glossary

ASP (Application Service Provider): Provides third party outsourcing support for the maintenance and distribution of software solutions which are accessible via an extranet, WAN or Internet connection.

B2B: Business to business.

B2C: Business to consumer.

BPEL: Business Process Execution Language.

PNR (Passenger Name Record): A PNR, traditionally used in CRSs, contains information about a traveler's itinerary and booking information.

SaaS: Software as a service.

SBL: Services Business Language.

VPN: Virtual Private Network.

Web 1.0: The transaction-oriented, big brand dominated, static page-based version of the World Wide Web that will gradually be replaced by Web 2.0.

Web 2.0: The network becomes the platform, spanning all connected devices. Data is mixed and remixed from a variety of sources.

XML (Extensible Markup Language): A specification maintained by the W3C that provides a metalanguage for describing the structure of data.

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-[Bob Offutt](#)

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