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JET STREAM

A conversation with Wolfgang Prock-Schauer, the chief executive officer of Jet Airways.



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After examining its entire operations, Aeroflot Russian Airlines took critical steps to ensure it secured its future as a leading carrier.

■ By Barbara Childs | *Ascend* Contributor

Five years ago, Aeroflot Russian Airlines went through a period of introspection. As the airline took stock of its operations, it realized that it needed to take steps to keep pace with a rapidly changing industry.

Aeroflot faced a growing number of competitors, both domestically as well as foreign airlines coming into its home markets. It saw airlines joining global alliances, increasing their reach and adding valuable new traffic. The airline also noticed that many of these competitors were using advanced information technology to increase efficiency and optimize operations.

And, as a result, Aeroflot realized it needed to change.

To remain a leading carrier in the industry, Aeroflot identified several key objectives that would help it maintain its position. The airline wanted to:

- Retain and increase market share,
- Bring itself up to date with the industry's best practices,
- Add new, smart technology to help improve its overall operations as well as deliver better bottom-line results,
- Improve customer service and boost customer loyalty,
- Join one of the three global alliances,
- Enhance its shopping and pricing capabilities.

The airline believed an improved IT strategy was a key aspect of achieving each of these goals. Its previous IT environment presented a number of challenges such as high training costs for new reservations and airport agents due to the absence of a user-friendly graphical user interface. The airline's reservations platform also hosted information for 2,250 travel agencies — with more than 6,000 access points — in the same partition,

creating security and fraud concerns. It lacked the ability to offer electronic tickets, which the airline wanted to have in place so it could offer them as soon as the Russian government lifted its e-ticketing ban. It was unable to sell from availability city pairs or have block space integrated in the availability display. Furthermore, it couldn't manage block space, making the processing of group bookings a time-consuming process. And it needed customer-focused technologies, such as self-service check-in kiosks and online booking as well as customer relationship management tools.

The airline faced other issues as well. Although the industry standard was to file fares directly through ATPCO, Aeroflot still filed the majority of its fares through SITA, causing agents to have to file fares with two sources. The airline had additional challenges with the integrity of its fare data across global



Photo courtesy of Aeroflot Airlines



A growing number of competitors led to Aeroflot's decision to conduct a complete analysis of its entire operations. As a result, the Russian-based carrier is working toward a number of key objectives, including implementing state-of-the-art technology, to help it maintain its competitive edge.

distribution systems — what was filed did not necessarily appear exactly as the airline intended, resulting in incorrect fares in the market.

And the airline's frequent flyer program also was not integrated with the inventory system, causing several processes to be handled manually.

As it identified its path, Aeroflot spent two years analyzing the technology it would need to achieve its goals. The airline realized it would need world-class reservations and inventory systems, online booking and electronic ticketing capabilities, and CRM tools.

After studying its options, Aeroflot selected the *Sabre Airline Solutions*® business to assist with its IT needs. As part of the relationship, Aeroflot switched its internal reservations system to *SabreSonic*™ *Res* for its state-of-the-art airline reservations and passenger services. At the same time, more than 6,000 Aeroflot-affiliated travel agents in more than 3,000 locations converted to the *Sabre*® global distribution system to enable them to sell, book and ticket airline, car rental, cruise, tour and rail travel. Previously, the agents only had access to Aeroflot's inventory; after the conversion, they had access to all the content in the *Sabre* GDS.

"The combination of *SabreSonic Res* and the *Sabre* GDS will significantly enhance Aeroflot's sales, marketing

and passenger-service capabilities," said Sergey Kiryushin, chief information officer for Aeroflot. "And it will bring a wealth of new travel content and technologies to the Russian travel agency community."

The move to new IT systems delivered bankable results for Aeroflot:

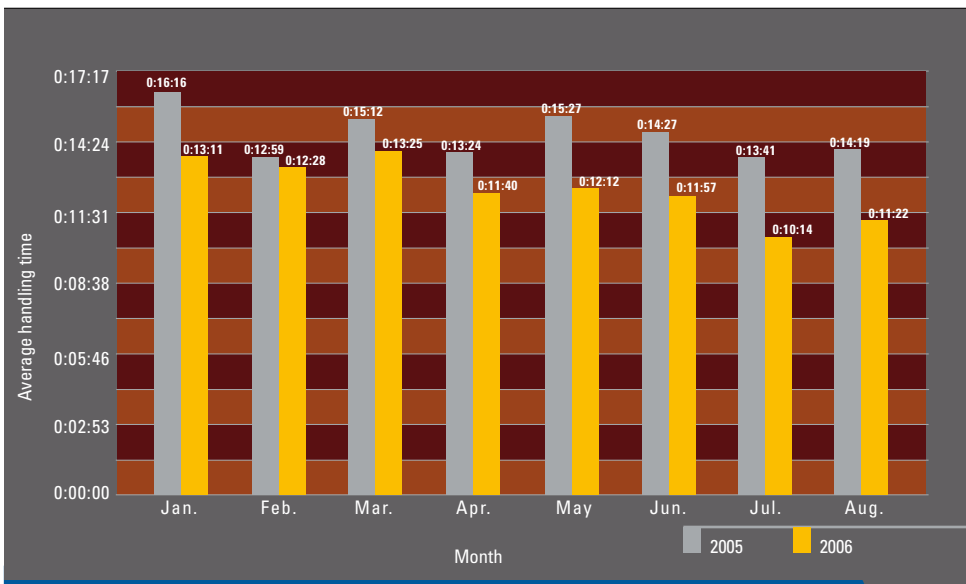
- The airline saved US\$200,000 a year by filing fares directly with ATPCO.
- It increased revenue by 4 percent to 7 percent through a fully integrated revenue management/reservations solution.
- After migrating to a new reservations and distribution platform, the airline decreased passenger processing time at city ticket offices by an average of 2 minutes 20 seconds year over year.

"The breadth of the offering from *Sabre Airline Solutions* provides an integrated solution across all of our operations," Kiryushin said. "In fact, we believe the technology solution it has packaged for Aeroflot offers benefits that are unmatched in the industry. This smart technology means improvements to our operations, and that means better results to our bottom line and improved service to our customers."

By implementing the *Sabre*® *AirPrice*™ fares management system, Aeroflot is now able to file fares directly with ATPCO. Using the *AirPrice* system also provides:

- Enhanced international pricing logic, providing more fare accuracy,
- Fully automated fare loading, ensuring fares are immediately accessible,
- Customizable fare and rule displays enabling Aeroflot's agents to see the precise fare data they use most often,
- Improved international shopping with lower fares, more itinerary options and more advanced shopping capabilities

Average Passenger Handling Time — January to August 2005 Versus 2006



City ticket offices since migration to the *SabreSonic* solutions have identified a substantial decrease in passenger processing time from 2005 to 2006. Although they have experienced passenger growth, through advanced technology, the average waiting time decreased each month in 2006 over the same month the previous year.



Photo by Chang Lee/Airline.net

To expand its reach and market share without the additional costs of adding aircraft and employees, Aeroflot joined the SkyTeam global alliance in March 2006. The airline teamed with Sabre Airline Solutions to prepare for membership and meet technical requirements.

a new system to automate the collection and processing of taxes.

Aeroflot also implemented self-service check-in kiosks at its facilities in terminals 1 and 2 at Sheremetyevo International Airport, which has enabled it to reduce waiting lines and process more passengers in the same space as well as lower airports costs.

With the growth of online booking, Aeroflot enhanced its Web site with *SabreSonic™ Web*, a booking engine used to give passengers the ability to book and purchase travel online. The booking engine, presented in Russian using Cyrillic characters, enables passengers in Russia to book any Aeroflot flight. The airline has also introduced online storefronts for U.S. and European locations.

One of the most important steps Aeroflot took in its transition was applying to join a global alliance. Offering the prospect of significantly expanding the number of destinations it could offer without the additional cost of aircraft and personnel, an alliance can help generate substantial additional revenue for an airline. However, membership requires meeting exacting standards established by the alliance. In 2004, Aeroflot announced it would pursue membership in the SkyTeam Alliance, headed by Air France and Delta Air Lines.

To prepare for its membership, Aeroflot teamed with *Sabre Airline Solutions* to upgrade its technology to meet membership requirements. As part of the process, Aeroflot was able to utilize open-systems technology from *Sabre Airline Solutions* that could interact with the systems from other SkyTeam airlines. The airline was also able to comply with other technical requirements, such as adding e-ticketing capabilities, integrating its frequent flyer program with other member airlines, enabling travel agents to view all bookings with partner airlines and exchanging reservations data. The airline successfully entered the alliance in March 2006.

"Aeroflot's objective for the future is to continue making use of the most advanced and efficient technologies that exist in the industry," said Eugene Bachurin, Aeroflot commercial director. "For this reason, we chose technology from *Sabre Airline Solutions*. *Sabre Airline Solutions* provides more flexibility in the areas of air travel reservations and sales and ticketing than any other offering currently available while at the same time ensuring maximum efficiency from both travel agents and airline sales offices. In addition, the new technology offers a variety of new functions that will benefit Aeroflot and travel agencies and will help improve customer service." **F**

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— critical features for the airline's Web site,

- Improved schedule generation that utilizes more connect points to increase the

they are integrated, *SabreSonic Res* automatically and seamlessly sends inventory booking data to the *AirMax* system daily for each flight. *SabreSonic Res* also automatically sends post-

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— Eugene Bachurin

likelihood of finding lower-fare itineraries.

To support its move to advanced methods of inventory management, Aeroflot installed the *Sabre® AirMax® Revenue Manager*, which was fully integrated with *SabreSonic Res*.

By using *Revenue Manager*, Aeroflot was able to implement threshold nesting, a more aggressive inventory management method that enabled the carrier to protect high classes where justified by demand. Because

departure data to the *AirMax* system daily.

The airline also uses the *Sabre® AirMax® Group Manager* to manage block space inventory. The system enables Aeroflot to push blocked space inventory to *Sabre Connected™* agencies and enables the agencies to request blocked space from the airline.

Two other key benefits of the new technology were the ability to submit fuel and insurance fees via ATPCO and implementing