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Taking your airline to new heights



THE TRANSFORMER

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ASpire to Leading Technology

Airlines around the world are taking advantage of the benefits of an applications service provider model to access vital decision-support technology at a fraction of the cost of an onsite installation.

■ By Inna Kizenkova | *Ascend* Contributor



The *eMergo* delivery method, which is protected by two firewalls and SSL data encryption, can be accessed remotely via a dedicated network line or the Internet. This distribution method enables airline analysts to access software applications directly from their desktop.

Sabre Airline Solutions' archives

The vertical integration trend, which began in the late 1980s when many airlines enjoyed hefty profits and robust revenue growth that, in turn, provided abundant resources, led to a desire for simplification. Those were good times for many airline executives who were planning ahead and envisioning a great future for their airlines.

What they envisioned was information technology departments fully staffed with IT experts who would write and manage proprietary software that would help create and sustain a competitive advantage in a cutthroat airline environment.

The idea was noble, and the executives thought that if they could successfully manage the core business, they could add and manage several other lines of business as well. And to be fair, not that many reliable, ready-to-use airline software products existed in the '80s. So, vertical integration made a lot of sense.

In the 1990s, when supply of airline IT software improved, airlines began shifting from writing in-house IT applications to purchasing them from experienced airline IT vendors, which eliminated the need for internal developers but still required an IT shop to support and manage the software.

Fast forward to 2005. The airline marketplace has changed, and so have the integration trends. Nowadays, airlines seek to minimize their losses and stretch diminishing resources. Customer-centric initiatives are hot. So when managers have to choose whether to implement a customer service-related or pure IT project, the latter tends to have a lower priority. However, airlines cannot provide good customer service without smart IT systems. To address the need for IT solutions and lack of resources to acquire them, more and more airlines have turned to one of the growing trends — an application service provider model.



■ PRODUCT DETAILS

Tools of the Trade

There are currently 56 solutions in 14 functional areas available through the Sabre® eMergo® Web access environment.

Crew Management

- Sabre® AirCrews® Crew Connection
- Sabre® AirCrews® Disruption Control
- Sabre® AirCrews® Leave Manager
- Sabre® AirCrews® Operations Manager
- Sabre® AirCrews® Pairing Optimizer
- Sabre® AirCrews® Resource Manager
- Sabre® AirCrews® Schedule Optimizer

Planning and Scheduling

- Sabre® AirFlite™ Fleet Manager
- Sabre® AirFlite™ Profit Manager
- Sabre® AirFlite™ Schedule Manager
- Sabre® AirFlite™ SlotManager™
- Sabre® Planet® profitability forecasting system

Loyalty Management

- Sabre® Corporate Loyalty System
- Sabre® Traveler Loyalty System

Maintenance, Repair and Overhaul

- Maintenix® MRO System
- Ramco MRO System

Cargo Management

- Sabre® CargoMax™ Accounting Manager
- Sabre® CargoMax™ Revenue Manager

Flight Operations

- Sabre® Dispatch Manager
- Sabre® Ground Manager
- Sabre® Load Manager
- Sabre® Movement Manager
- Sabre® ACARS Manager

Fares Management

- Sabre® AirPrice™ fares management system
- Sabre® AirPrice™ Contract Composer

Dining and Cabin Services

- Sabre® AirServ® Billing Manager
- Sabre® AirServ® Cabin Service Manager
- Sabre® AirServ® Catering Report Generator
- Sabre® AirServ® Enhanced Scheduler
- Sabre® AirServ® Equipment Balancer
- Sabre® AirServ® Equipment Forecaster
- Sabre® AirServ® Equipment Manager
- Sabre® AirServ® Galley Manager
- Sabre® AirServ® In-flight Data Analyzer
- Sabre® AirServ® In-flight Sales Manager
- Sabre® AirServ® Meal Ordering Optimizer
- Sabre® AirServ® Scheduling Optimizer
- Sabre® AirServ® Specification Manager

Revenue Management

- Sabre® AirMax® Essentials Reporter
- Sabre® AirMax® Group Manager
- Sabre® AirMax® Revenue Manager

Passenger Revenue Accounting

- Quasar™ passenger revenue accounting system

Airline Passenger Solutions

- SabreSonic™ Check-in modules:
 - Kiosk Check-in
 - Web Check-in
 - Curbside Check-in
 - Roving Agent
 - Gate Reader
- SabreSonic™ Res modules:
 - Command
 - Revenue Integrity

Resource Management

- Sabre® Streamline™ RosterMaker system
- Sabre® Streamline™ StaffAdmin™ system
- Sabre® Streamline™ StaffManager™ system
- Sabre® Streamline™ StaffPlan™ system

Market Data and Analysis

- Sabre® WiseVision™ Sales Essentials
- Sabre® WiseVision™ Network Analyzer
- Sabre® WiseVision™ Sales Analyzer

■ PRODUCT DETAILS

Beyond Solutions

The eMergo solutions are more than a way to access technology. There are also several standard services that help customers make the most of the applications.

Application functionality

- Immediate product access
- Ongoing updates and enhancements
- User community access and collaboration

Infrastructure Procurement

- Sun and Dell servers with Oracle database
- BEA systems WebLogic application server
- Computer Associates Unicenter monitoring software
- Cisco Web site load balancing
- Recurring hardware and third-party refresh

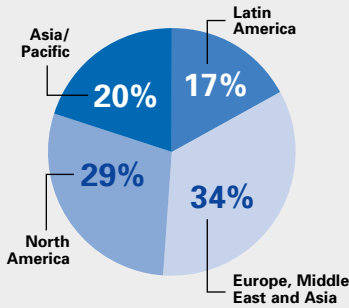
Data Center Services

- 24-hour-a-day, seven-day-a-week monitoring and support
- Data encryption, intrusion detection and firewall protection
- Daily backup of customer data and weekly off-site backups
- Security relating to communications, Web site, servers, database and applications

Maintenance and Support

- Historical application availability greater than 99 percent
- Around-the-clock help desk access
- Standard Sabre Airline Solutions services
- Application and database monitoring and management
- Application and data access control and administration
- Seamless software updates

Acceptance by Region



Airlines around the world are adopting the application service provider model. Companies using the *eMergo* delivery method come from every region of the globe.

An ASP solution provides the best of both worlds — leading technology in a simplified IT environment, which enables airline executives to concentrate on their core competencies. An ASP model is a form of outsourcing, but it provides an important benefit — it leaves control of the business decision-making processes and subject expertise squarely with the client (an airline, caterer or ground handling organization).

Expanding on the ASP trend is “software as a service,” or SaaS, which emphasizes that with an ASP solution, an airline does not only get an application but also an array of additional services.

For Sabre Airline Solutions, providing airlines with options such as an ASP delivery method is a top priority. In 2001, the company created *Sabre® eMergo®* Web access, an ASP solution that offers access to best-of-breed technology while simplifying operations and reducing the total cost of ownership.

The growing popularity of ASP models is

model, including:

- Reservations (according to 59 percent of those surveyed),
- Departure control/check in (58 percent),
- Cargo reservations (31 percent),
- Frequent flyer programs (26 percent).

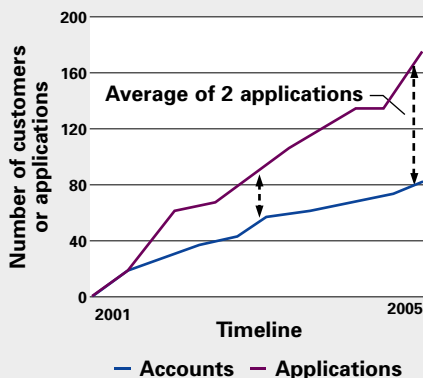
When asked which areas are planned to be moved to an ASP model, cargo reservations was the best candidate with 22 percent, followed by frequent flyer programs with 18 percent.

The ASP model is very simple from an airline perspective because its applications and data are stored by the ASP provider, which performs all necessary application and database implementation, maintenance, and access administration work. Thus, its IT efforts and resources can be redirected and applied to unique IT initiatives rather than mundane IT tasks such as procuring and updating hardware and software, user administration, or database maintenance. At the same time, airline business analysts access applications over the Internet or a dedicated communication line and

HIGHLIGHT

To address the need for IT solutions and lack of resources to acquire them, more and more airlines have turned to one of the growing trends — an application service provider model.

Growth of the eMergo Solution



After realizing the value of the *eMergo* environment from their initial experience, more than 30 percent of those using the solution have selected additional applications. In 2001, the sales ratio for the *eMergo* solution was one application per customer, but this has increased dramatically in the last four years.

supported by the views of many IT consulting companies and professionals. Research from International Data Corp. indicates that industry-specific, customer relationship management and human resources applications are the most likely to be delivered via an ASP model. IDC estimated that global spending on ASP software last year totaled US\$4.2 billion, constituting 39 percent growth compared to 2003. IDC is also forecasting a steady 21 percent increase in annual ASP spending reaching an estimated US\$10.7 billion in 2009. Specifically to the *eMergo* distribution method, the number of customers increased by 65 percent in 2004 compared to 2003, reflecting the trend in growing popularity of an ASP. Today, 84 global customers combine for 169 instances of accessing software solutions via the *eMergo* environment.

Airlines are following suit according to the 2004 Airline IT Trends Survey, administered by *Airline Business* magazine and SITA to 109 senior IT executives from top airlines. The survey revealed that only 10 percent of participants indicated that their airlines have not moved any systems to an ASP model. According to the survey, several areas within an airline’s operations have moved to an ASP

get all the necessary information and decision-support tools to maximize the airline’s potential.

An ASP solution is scalable. When an airline experiences traffic variance, its management will have the benefit of not worrying about where to find resources to expand the system. As a rule, ASP vendors build ample capacity into the systems to allow for growing demand, meeting the scalability needs of many airlines. According to the International Air Transport Association, international passenger traffic continues to grow — revenue passenger kilometers grew 8.8 percent during the first half of the year compared to the same period in 2004, increasing the demand placed on applications.

An ASP delivery method also simplifies an airline’s financial operations because software costs are easy to forecast since they consist of a one-time implementation and monthly fees that can be either metric-based or flat. Metric-based fees can be tied to passengers boarded, aircraft, departure, employee numbers, etc. With metric-based fees, an airline pays exactly for what it uses and does not overpay for extra capacity.

Another benefit of a centrally hosted ASP solution is the ease of application admin-



HIGHlight

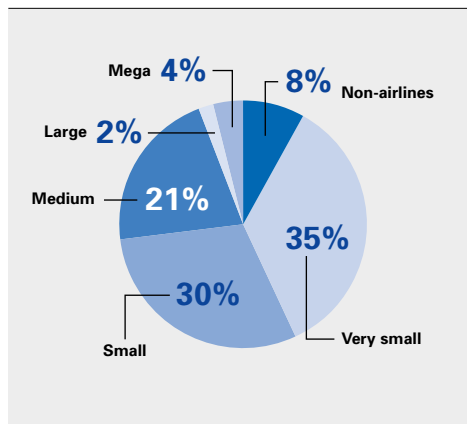
Based on the breadth of the ASP portfolio and number of clients, Sabre Airline Solutions is the leading provider of airline software products via an ASP model.

istration. When an airline has several branches, synchronizing, updating, and loading data and business rules has to be repeated at each individual location. With an ASP solution, everything is kept in a single hosted database so all those operations are performed once and everyone accesses the same information.

In addition to simplifying operations, ASP applications come with a slew of other important benefits. Low total cost of ownership is one of them. The total cost of ownership of a licensed application consists of vendor's fees (implementation, license and maintenance) plus the cost of hardware and third-party software to run such applications. The total cost of ownership of an ASP application consists of implementation and monthly fees. Since an ASP vendor has greater bargaining power with hardware and third-party software providers, it can buy the necessary infrastructure at deeper discounts that are passed onto airlines. In general, accessing a Sabre Airline Solutions application via the *eMergo* environment can save an airline between 40 percent and 70 percent in total cost of ownership.

The ASP model is here to stay. Observing

Customer Segments



Originally, the *eMergo* solution was created to help smaller airlines gain access to technology that was only available to larger airlines. However, airlines and other industry-related companies of all sizes have chosen the *eMergo* solution.

growing popularity of ASP solutions, many IT vendors began offering hosting services to their airline clients. Based on the breadth of the ASP portfolio and number of clients, Sabre Airline Solutions is the leading provider of airline software products via an ASP model. Currently, the *eMergo* environment consists of 56 applications.

An airline deciding whether to go with an ASP offering or an on-site installation has to consider several factors such as its need for cash conservation, length of payback period, pricing/budgeting predictability, ability to scale, IT department efficiency, etc. Because each airline's situation is unique, there is no easy way to tell which delivery method is more beneficial to a particular airline without a comprehensive analysis. But it pays off knowing and comparing different delivery options to arrive at one that will help airlines simplify and maximize their potential. **E**

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+count it up

15 — Number of separate flights a traveler would take from Mt. Pleasant in the Falkland Islands to Wasu, Papua-New Guinea, which is thought of as the world's most difficult air route.

1 billion — Increase to the industry's costs, in U.S. dollars, for every US\$1 increase in the price of oil.

250 — Number of direct flights from Paris, France, to other cities around the world, making it the top global city for non-stop flights. Paris is followed by London with 242, Frankfurt with 237, Amsterdam with 192 and Moscow with 185.

2,100 — Range in nautical miles of the ERJ-195, the largest aircraft in Embraer's E-Jets family, which has the capacity for 118 seats.

2.2 million — Number of passengers estimated to travel across the Tasman this year, a significant increase compared to 1,461 passengers traveling the same route in 1940.

238,000 — Number of square feet in Bombardier's new, high-volume aircraft parts distribution warehouse, located at the Chicago O'Hare International Airport.