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A Conversation With ...
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Aerolíneas Argentinas Transforms

Aerolíneas Argentinas faced the impending reality of aging systems and decided to adopt an entirely new outlook by upgrading technology across the board.

■ By Phil Johnson, *Ascend* Staff



Aerolíneas
Argentinas

Several months ago, upper management at Aerolíneas Argentinas contemplated its many achievements over a storied six-decade-plus existence, and at the same time, closely examined its more recent operational realities.

The overall result: management decided to upgrade systems to help create and shape a new outlook and pave the way to a much brighter future for the entire organization.

Essentially, the Argentine-based carrier enacted an extensive transformation plan based on world-class systems including strategic and operational technology from *Sabre Airline Solutions*®.

"The primary objectives of our business transformation plan are to ensure connectivity within Argentina and to help preserve jobs as Argentina's flag carrier," said Lic. Pablo Ceriani, the airline's Gerente de Área Económico Financiera (chief financial officer). "We certainly want to achieve economic balance and prevail in Argentina, as well as be a regional leader."

Realizing that the job would involve fundamental organizational change — and represents further substantial recovery from the carrier's previous less-than-satisfactory experience under private ownership — the company is moving forward despite acknowledged headwinds.

And Ceriani has no illusions about the difficulty of the task at hand. In the relentless pursuit of more efficient operations, in fact, he views this overarching opportunity to leverage technology as a considerable advantage.

"We're changing all the systems of the company — from financial management systems through commercial systems, operations and, in a second step, the MRO (maintenance, repair and overhaul)," said Ceriani. "Essentially, we are creating a technological revolution in the company.

"These massive changes to the company's work culture are key to improving productivity in the various activities of an airline such as ours."

In implementing major changes, good business partners are prime assets that can help assure success over the long term. Aerolíneas Argentinas selected products and services from *Sabre Airline Solutions*.

"From scratch, we're implementing world-class enterprise resource planning (ERP), and we're upgrading our core systems throughout the airline's operations," said Ceriani. "So the right partner is critical.

"We performed an open competition with key industry players, and *Sabre Airline Solutions*' proposal was the most competitive and appropriate to our plans."

Obviously, the substantial change being undertaken by the carrier is — by definition

— no small matter. And management is quite naturally being extremely careful to ensure that everything falls into place with minimum angst and difficulty.

"Primarily, it involves changing how people work, and management for results as the path to a process of continuous improvement," Ceriani said. "We're basically using the systems change as an 'excuse' to optimize company processes that have evolved without being specifically oriented in the company's future direction, but rather somewhat by the whims of the users over time.

"Our transformation involves cultural change — results-oriented, but also providing greater integration among different parts of the company. Every industry today works within its own administrative structures and systems, and in that situation, it can become pretty expensive just to exchange information among those systems.

HIGHLIGHT

"To us, the indicators of service quality are of central importance: punctuality, cancellation factors and satisfaction surveys evaluating quality as perceived through the eyes of the customer."

— Pablo Ceriani, Gerente de Área Económico Financiera, Aerolíneas Argentinas

"We believe in very strong documentation of design as the key to successful system implementation, especially in a plan as radical as ours. So we've actually created an office of quality that hasn't previously existed within our management, and management must take the process forward."

Ceriani expects customers — from the greater perspective of their overall travel experiences — to notice distinct upgrades.

"We anticipate greater fluidity in our sales channels," he said. "That's associated with better Web tools and better operation as linked to the rationalization of operating systems.

"And we, therefore, believe we'll be able to significantly reduce delays and cancellations, and we'll achieve better responsiveness through customer-demand tools that are designed to work based on continuous monitoring of customer behavior, allowing us to more immediately address customer needs."

In a transformation process as thorough and complex as that of Aerolíneas Argentinas, measurement of success will relate to a broad assortment of factors.

"On the one hand, we'll look at various measures of efficiency," said Ceriani. "And on the other, we'll be closely observing customer satisfaction as well as the quality of monetization services, market share, revenue yield and other items.

"To us, the indicators of service quality are of central importance: punctuality, cancellation factors and satisfaction surveys evaluating quality as perceived through the eyes of the customer."

"We anticipate that this transformation project will stretch over a total of five years — with homogenization of our fleet the start to bring in fresh, measurable, tangible results as early as next year."

Keeping everything on track during the transformation process is a necessity that is fully acknowledged by Aerolíneas Argentinas management.

"It's certainly a process of massive change," said Ceriani. "But it's an absolutely imperative change, given the level of disarray under which our operations and other functions have essentially been proceeding.

"The successful implementation of the transformation plan depends on the commitment of our people and the will of everyone to change. But this attitude comes as a given along with our company values. Our staff members are eager to see the process through. They take our recovery personally. And that's very good, because this undertaking requires a coordinated effort.

"It certainly won't be easy, but I believe our positive, committed approach will carry the day."

Once implementation of systems is complete, *Sabre Airline Solutions* routinely conducts annual "system health checks" to ensure that technology is enhancing the operation to its maximum potential and that the carrier's employees are using the new systems to the best advantage.

"Our implementation plan involves many new capabilities," Ceriani said. "*Sabre Airline Solutions* is, therefore, committed to periodically checking for correct function and proper system application.

"We're also absolutely insistent that, as time goes by, the tools remain useful and quite productive. We want to make certain our investment achieves far-reaching objectives."



Photos: Aerolíneas Argentinas

Technological Revolution From financial management through commercial and operations systems, Aerolíneas Argentinas is changing technology across its entire enterprise to help improve productivity on all levels.

Technology in the 21st century is the name of the game, and the carrier intends to embrace the full technological impact throughout the organization's operating structure.

"Our basic IT-infrastructure investment has guaranteed system availability as well as access," said Ceriani. "It's set the foundations for new systems already installed and for new systems and functional upgrades currently under way.

"That means essential improvements in our processes: better customer service, reduction of costs, increase in profit and making sure we're compliant with mandatory regulations throughout the global transportation industry.

"Among further specifics, we've made seamless access to all of our systems available from any Aerolíneas Argentinas office all over the world. We've made our IT operations more dependable — from our data center on



Customer-Demand Tools Aerolíneas Argentinas expects to significantly reduce delays and cancellations and improve responsiveness through customer-demand tools that are designed to work based on continuous monitoring of customer behavior.

out. Architecture improvements ease communication with other companies' systems. And we have digital communication and automatic data transfer to support in-flight operations."

Other improvements either now implemented or on the way include:

- The carrier's operations suite (flight planning, weight and balance, and flight following);
- Booking-engine improvement (featuring enormous sales-channel growth);
- Immensely improved efficiency through crew management and scheduling;
- Better customer convenience through Web and kiosk check-in;
- Revenue management;
- A virtual corporate library for all employees (also satisfying the IOSA certification requirement).


All of these improvements and upgrades contribute to the unique corporate entity that is today's Aerolíneas Argentinas.

"We fly all over Argentina, and we have 70 percent in-country market share," said Ceriani. "At many domestic destinations, we are the only operator. And our long history speaks for itself.

"We're scheduled to join SkyTeam next year. Such an alliance with other major global airlines allows us to improve our performance in international markets and offer a superior product to our customers, with the potential to offer better intercontinental connections to destinations in Asia, Africa and the Middle East.

"Basically, we are an 'institution' in Argentina because of the connectivity we offer throughout a country of over 2 million square meters, with vast distances across which the most suitable means of transport is by air. We provide jobs. And we connect people."

It all adds up to a 21st-century airline headed for even greater achievements — an airline that realizes that the attainment of noteworthy goals is only possible with up-to-date infrastructure.

"I see our airline becoming more efficient, with versatile high-capacity planning integrated within a global framework," Ceriani said. "And in company with our global partners, we are truly a player that can wield considerable weight in what is an admittedly complicated yet fascinating industry." 

Aerolíneas Argentinas selects Sabre Airline Solutions as technology and distribution partner.



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