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Taking your airline to new heights

LEAPS AND BOUNDS

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72	Caribbean Nations rely on air transportation



Breaking The Mold

A recent multi-million-dollar investment by *Sabre Airline Solutions*[®] to its suite of airline passenger systems will help significantly build airline revenues and customer-centric capabilities as well as support a move to a more modern, innovative technology platform.

■ Parag Sanghvi | *Ascend* Contributor



How does an airline remain profitable and position itself for long-term growth in an environment where fuel prices have well exceeded US\$100 a barrel and may spike again at any time?

This has become the quintessential question facing airline executives today. While every airline will have a unique approach to dealing with this marketplace challenge, sustainable airline success is becoming increasingly connected to two fundamental business capabilities: knowing every customer better than your competitors do and using this insight to optimize revenue and deliver differentiated service efficiently. Current reservations and departure control systems have not been designed to fully deliver the capabilities that have taken on increased importance in today's environment.

On Sept. 8, Sabre Airline Solutions announced a major, multi-million-dollar investment in its SabreSonic® Passenger Solutions to dramatically build airline revenues and customer-centric capabilities as well as move to a modern, future-proof technology platform.

The SabreSonic solutions, the leading reservations and departure control technology that today serves more than 100 global airlines, delivers comprehensive airline capabilities ranging from reservations, inventory, check-in, shopping and pricing, ticketing, and online booking engine functionality to help airlines operate profitably. Leveraging the latest service-oriented architecture and an open, standards-based environment, the SabreSonic solutions are evolving further to deliver more of the specialized capabilities that airlines need for long-term growth.

In recognition of the many advances associated with this investment, the SabreSonic solutions have adopted a new name: the SabreSonic® Customer Sales & Service solutions, or SabreSonic CSS. The focus is on delivering the two needed attributes for airline success today: revenue centricity and customer centricity.

Unique among aviation suppliers, Sabre Airline Solutions has developed both revenue-centric and customer-centric airline performance scales that help airlines visualize and define what these often intangible concepts mean. These scales itemize specific functionality airlines have available to them to improve their revenue-generation and customer-focus capabilities. Currently, every airline possesses some of these capabilities, but other capabilities such as advanced revenue management may be viewed as "next-stage" opportunities for many. By specifying the functionality airlines can use to improve their overall performance, from more routine activities to highly sophisticated ones, carriers can

gauge for themselves where they are on the revenue-centric and customer-centric continuums. From there, they can identify opportunities to implement additional capabilities that will let them become even more revenue and customer centric.

Today, the SabreSonic solutions continue to successfully meet the needs of diverse leading airlines throughout the world. The further modernization of this technology will build on this success partly as an evolution, partly as an expansion and partly as a transformation based on the introduction of revolutionary new capabilities.

The existing SabreSonic solutions plan remains intact, and new investment is supplementing the community model currently in place, and other areas within the SabreSonic portfolio will continue to progress as planned. Existing customers are well positioned to absorb the new functionality as it becomes available, without any migration risk. New customers will be able to employ unique capabilities that deliver solution versatility and depth, so a carrier is not limited by system constraints as it evolves its business model to achieve its business goals.

SabreSonic CSS offers three major solution bundles that directly address the revenue and customer-centric capabilities that will help airlines thrive:

- SabreSonic® CSS Inventory and Revenue Management,

- SabreSonic® CSS Merchandizing,
- SabreSonic® CSS Customer Centricity.

SabreSonic CSS Inventory and Revenue Management leverages Sabre Airline Solutions' industry-leading experience with advanced inventory and revenue management algorithms. It is flexible enough to accommodate third-party revenue management systems, but delivers even better performance through the Sabre® AirMax® Revenue Management Suite.

The solution offers several key benefits, including:

- The ability for airlines to perform advanced revenue management,
- Sensitivity to fare/schedule changes,
- Competitive revenue management,
- Revenue management for traditional and one-way fares,
- Customer revenue management.

SabreSonic CSS Inventory And Revenue Management

Advanced revenue management coupled with competitive and customer revenue management will enable airlines to offer optimized fares that more closely match a traveler's value calculation for the trip. For example, if a customer needs to fly roundtrip between London, England, and Hong Kong, China, and would comfortably pay US\$2,500 for that ticket, but the airline has a discounted fare in the marketplace for only US\$2,000, the revenue management



The SabreSonic CSS Customer Performance Scale helps airlines answer the question: what does it mean to be "customer centric"? The scale helps airlines identify precise, tangible activities they can perform to improve customer centricity.



capabilities could automatically determine whether any other competitors are currently offering a fare below the US\$2,500 threshold. If competitors have already exhausted their supply of discounted fares, *SabreSonic CSS Inventory and Revenue Management* would be advanced enough to automatically pull the US\$2,000 fare from available inventory and replace it with the higher fare amount. This alone would yield a 25 percent net improvement in collected revenue. Using this advanced technology, airlines will be able to recapture money that today is left on the table and do so in a manner that equates the final price offered with the value the customer will derive from the purchase. Customers will remain happy and airlines will become more profitable.

SabreSonic CSS Merchandizing

Merchandizing refers to the airline’s ability to push the right product offering to the right customer at the right price at the right time in any given channel, whether it be online, at a call center, through a GDS, or at check-in at the airport via a kiosk. *SabreSonic CSS Merchandizing* offers the industry’s only true multi-channel merchandising control panel. Airlines will have the

ability to improve their rates of upsell and cross sell in all channels and optimize revenue across their distribution networks. As significantly, airlines will be able to make customers aware of product and service offerings that they will value and may be happily willing to pay for, which they may not have otherwise considered. In doing so, they will increase overall customer satisfaction because travelers will be receiving exactly what matters to them and what they value. Nothing more, nothing less.

SabreSonic CSS Merchandizing delivers two key capabilities:

- The ability to sell ancillary services, such as in-flight services, preferred seating and comfort amenities;
- The ability to offer branded fare families.

Branded fares are based on the principle of simplifying an airline’s offering into branded fare categories that bundle attributes travelers want, with a branded fare that most accurately reflects what they desire in terms of service and product offering (see related article on page 26). This represents an important economic opportunity for an airline by enabling the upsell to higher fare categories based on specific services that the traveler values. For example, if a

customer selects the lowest branded fare category based on price, but then is advised that he can obtain a pre-reserved seat, meal and other amenities if he purchases the next-higher branded fare category, he may be inclined to do so because that offering more accurately matches his preferences at a palatable incremental price. In offering branded fares, once again the airline is matching its offering to customer perceptions of value and, in the process, creates a more satisfied customer while helping deliver more bottom-line revenue.

Both *SabreSonic CSS Inventory and Revenue Management* and *SabreSonic CSS Merchandizing* can have an appreciable effect on an airline’s revenue outlook. Advanced revenue management has the potential to create up to a 5 percent improvement in revenue for the carrier, while merchandising may produce an incremental 5 percent to 8 percent revenue increase.

SabreSonic CSS Customer Centricity

In addition to providing revenue enhancement functionality, *SabreSonic CSS* also offers significant customer-cen-



Airlines can have a holistic view of each passenger through an integrated customer profile and a customer value score available at all customer touch points. Using an airline-configurable, natural-language rules engine, airlines can segment their customers and differentiate service and product offerings according to their own unique strategies and preferences.



The SabreSonic CSS Revenue Performance Scale™

- Revenue Management by customer including dynamic pricing
- Real-time Revenue Management
- Revenue Management for one-way fares
- Inventory decisions based on selling fares
- Common availability in all channels
- Competitive Revenue Management
- Pricing accuracy and consistency in all channels
- CGO and Point-of-Sale controls
- Control pane to manage merchandizing offerings
- Revenue integrity tools
- Multiple RM nesting structures
- Ancillary revenue opportunities, including hotel and cars
- Interlining and code-sharing
- Basic Revenue Management controls
- Automated fee collection

The SabreSonic CSS Revenue Performance Scale helps airlines answer the question: what does it mean to be “revenue centric”? Airlines can determine where they are on the revenue-centric continuum and, especially, identify specific areas of opportunity for them to improve their revenue-centric position.

tricity benefits. SabreSonic CSS Customer Centricity builds on the elements of a central customer profile and an airline configurable value score calculator that helps the airline view its traveler base through the lens of customer value to the airline. It then uses that value score to optimize revenue and deliver efficient and appropriate service

that can be used to feed the revenue-creating aspects of SabreSonic CSS as well as inform decisions about service delivery and prioritization of customers in actions such as reaccommodation. The beauty of the SabreSonic CSS customer value score calculator is that it is airline configurable via natural language commands, so the airline

enue, reducing costs and improving customer experience. The customer profile and value score calculator help the airline more effectively perform revenue management and merchandising activity vis-à-vis the traveler. On the cost side, airlines can identify their most valuable customers and dedicate expensive service resources such as airport staff to them, while automating all other customers at much lower costs through self-service capabilities such as airport kiosks and online check-in. From a customer experience standpoint, airlines will have a single view of the customer across all touch points. If, for example, the airline lost a traveler’s bag on a prior trip, it can acknowledge the mistake and compensate for it on the current trip, safeguarding the traveler’s loyalty and making the traveler feel valued and at the center of the airline’s considerations, rather than disappointed and bitter.

The decision to build out SabreSonic CSS through a service-oriented architecture utilizing an enterprise service bus yields flexibility, inter-operability and what has been called platform transcendence, letting airlines use technology platforms that are best suited for particular jobs. For high-volume transaction processing, such as ticketing and departure control, airlines can benefit from a mainframe-based TPF core upgraded with the latest zTPF software that in effect allows the mainframe to manifest properties traditionally associated with open systems. For other functionality that is best served by open systems, the service oriented architecture allows seamless interchange of data across the entire enterprise and enables the complete infrastructure to work as a single, high-performing unit.

Today’s airline environment is perhaps more challenging than at any other time in history. Sabre Airline Solutions continues its decades-long commitment to the commercial aviation industry and the people who keep it moving. Many Sabre Airline Solutions employees come from airline backgrounds and have an emotional investment in seeing airlines succeed in the face of mounting economic pressures. SabreSonic CSS is the product of minds devoted to making airlines successful. With its revenue-centric and customer-centric capabilities, SabreSonic CSS provides airlines with the capabilities they need to not only survive, but to prosper in a brave new world of economic disruption and opportunity. ■

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HIGHLIGHT

The focus of the whole reservations and departure control system will shift from being passenger-name-record based to customer-profile based.

across all customer touch points.

The focus of the whole reservations and departure control system will shift from being passenger-name-record based to customer-profile based. The knowledge the airline accrues about the traveler over time will give unique insight into preferences, predispositions and a holistic traveler view

decides what it considers a high-value customer based on its market strategy, and it has the flexibility to change valuation rules as the landscape shifts and markets evolve.

The customer-centric aspects of SabreSonic CSS will impact all three areas of importance for an airline: growing rev-