

A MAGAZINE FOR AIRLINE EXECUTIVES

OCTOBER 2002

ascend

Taking your airline to new heights

SIMPLIFYING FOR THE FUTURE

A Conversation with ... British Airways



INSIDE

**Airlines Seek to Simplify
Operations**

**Aligning with Industry-
Best Practices**

TAM Extends Leadership

Draw the Line . . .

Aligning with Industry-Best Practices Benefits Airlines

■ By Billie Jones | *Ascend* Contributor

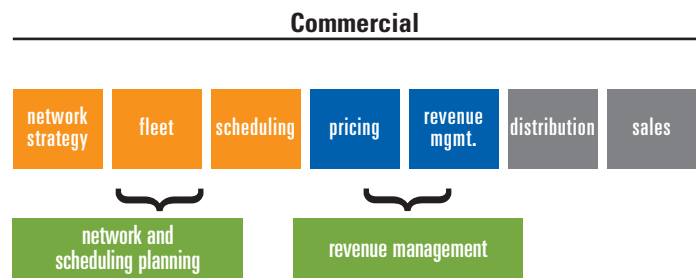
Airlines are making drastic business changes to increase revenue. In reviewing their traditional revenue planning, airlines are finding their leg- or segment-based route planning and revenue management processes are out of synch with their product. In the marketplace today, passengers book tickets from their origin to their destination, and airlines publish fares by O&Ds. Yet most airlines are still managing and measuring their assets by legs or segments instead of O&Ds.

Considering that two-thirds of the passengers' trips at the world's major hubs require them to connect to a second flight, the number of passengers taking multi-segment trips is significant. To bridge this gap, many airlines are turning to O&D-based systems and business consulting services designed to help them simplify the task of managing the complex combinations and permutations of O&Ds that even the simplest of schedules generate.

O&D Business Model

Airline profit optimization is enhanced by the alignment of analytical structures to actual operations. Sabre Consulting's O&D business model embodies these O&D planning practices by coordinating the airlines personnel, business practices and technology. This model's ultimate objective is to optimize profit by converging all planning functions, processes and data into an integrated O&D environment. When the O&D structure is fully integrated, processes can be standardized across all commercial planning departments. This integration ensures all of the functional areas have the same access to core profit-based information and the underlying O&D data. Profit optimization then evolves from analyses that more directly reflect the airline's actual operations. Through this integrated view of the commercial business process, airlines simplify the complexities of managing in a true O&D environment.

Commercial Business Process



While this end state is still a theoretical vision at most airlines, a number of major international airlines are working with Sabre Consulting to implement core changes in their scheduling and network planning and revenue management departments. Once these core changes are in place, the groundwork is set for transmitting them throughout the commercial planning processes, allowing the commercial vision to become a reality.

Sabre Consulting works closely with airline managers to assist them in maximizing the airlines' return on their investment in three ways:

- Sabre consultants use their subject matter expertise and experience to begin using industry best practices immediately.

- The consultants simultaneously work with the airline to realign organizational structures, develop new business processes and provide business-case training to help airline analysts transition to the new process.
- They help the airline find ways to disseminate the new O&D-based processes throughout the airline.

To ensure an airline's business units use industry-best practices, Sabre Consulting reviews their processes. If a unit's processes fall short of today's standards, it is then realigned around new processes that better fit the airline's organizational needs. Business-case training programs are customized so that the airline's network,



schedule planning and revenue management staff become familiar with industry-standard tools and processes.

Scheduling and route-planning training teaches the airline's staff how to analyze O&D-based scenarios designed to identify opportunities to leverage the airline's capacity and resources within its current competitive environment.

Revenue management training teaches the airline's staff how to use profit-based O&D information and strategies to make quick sound inventory and pricing decisions. Successfully completed business-case consulting produces a more productive airline staff transitioned to new O&D measurement, planning and scheduling practices.

Profit is the Bottom Line

The best-laid plans are only as good as the processes required to implement them. It is human nature to take a new tool or idea and apply it to the same old processes. Changing processes is much more difficult. Sabre Consulting works hand-in-hand with the people who are most affected by process changes. By working closely

with the airline personnel, Sabre Consulting provides guidance through innovative ideas, new perspectives on problems and accurate measurement of the airline's improvement. This approach facilitates the airline's transition to O&D revenue management, and the results are directly reflected in the bottom line. ■

Billie Jones is a partner in Sabre Consulting.

News Briefs from Around the Globe

THE HIGH LEVEL VIEW

News from the Caribbean

Air Jamaica Ltd. has selected Sabre to modernize technology systems driving reservations, airport check-in and departure control operations. Under the new agreement, Sabre will implement technologically advanced airline systems designed to enhance productivity and reduce costs for Air Jamaica worldwide.

"Our goal at Air Jamaica is to achieve profitability in the short term," said Keith Smith, vice president of IT services for Air Jamaica. "We intend to do that by offering our customers unmatched ease in shopping, ticketing, checking in and boarding our flights. Sabre offers us powerful, integrated and proven systems and expertise to enhance our customer service and to operate our airline in an efficient and profitable manner."

Over the next six months, Sabre will implement for Air Jamaica several advanced products, including the *Sabre® Passenger Reservation System*, which will streamline operations and improve productivity. The system will also allow the airline to increase sales through every sales channel, particularly online bookings with the support of GetThere DirectAirline, Sabre's fully hosted Internet sales system.

In addition to the reservations system, Sabre will implement airport check-in and departure control

technology for Air Jamaica that will enable optimized flight schedules, improved weight and balance monitoring, wireless hand-held passenger check-in and more. These capabilities, coupled with services offered by Sabre's industry-experienced airline consultants, will enable Air Jamaica to successfully overhaul and upgrade its technology systems.

News from Asia

China Airlines recently signed a five-year agreement to integrate four Sabre products into the airline's operations, including its systems operations center.

Through the deal, China Airlines will integrate the *Sabre® PC AirFlite™* flight scheduling system, the *Sabre® SlotManager™* slot managing and tracking system, the *Sabre® AirOps™* operations control system and the *Sabre® AirCrews™* crew management system.

According to David Wu, vice president of information management division for China Airlines, integrating these systems has been vital for the airline. "We are on the way to having a state-of-the-art systems operation center," said Wu. "The long-term aim of both China Airlines and Sabre is to install solutions that will enable our airline to continue operating more smoothly and cost effectively. We believe this integration achieves that goal." ■