

# ascend

Taking your airline to new heights

## JET STREAM

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



### Special Section

#### FUELING UP

A look at the rising cost of fuel and its effect on the industry.



#### INSIDE

6	Turboprops make strong comeback
36	WestJet saves US\$5 million annually
78	GOL scores big in Latin America

# HUB OF RUSSIA

BY ALEXEY SHUBENKOV

Photo by iphotos.com

KALININGRAD, RUSSIA-BASED **KDAVIA** HAS LAUNCHED AMBITIOUS GROWTH PLANS, SUPPORTED BY A NEW INFORMATION **TECHNOLOGY** STRATEGY, INCLUDING BUILDING WHAT COULD BE THE FIRST TRUE HUB IN ITS HOME COUNTRY.



Photos courtesy of KDAvia Airlines

**KDAvia will spend US\$30 million to build a new terminal at its hub airport Khrabrovo. The investment, according to Vitaly Golovin, the airline's commercial director, supports the carrier's goal to help seamlessly connect its passengers to Europe's main destinations.**

Fortunately for KDAvia, the current residents of Kaliningrad, Russia, are unlike the area's most famous citizen.

While the philosopher Immanuel Kant never ventured far from his hometown (known as Königsberg during his lifetime), many of the area's current inhabitants are eager to travel as well as host the visitors who come to see the gravesite at the town cathedral of the famous 18th-century thinker.

And to meet the growing demand for travel in the region, Kaliningrad-based KDAvia is revamping its operations and looking to build Russia's first true airline hub, at its hometown airport, Khrabrovo.

"None of the big three Moscow airports — Sheremetyevo, Domodedovo and Vnukovo — can be regarded as a real hub," said Vitaly Golovin, commercial director for KDAvia. "Even the construction of Sheremetyevo-3 for Aeroflot and its SkyTeam alliance partners [will not be a hub]. This new terminal will be used only for SkyTeam alliance needs and will not be able to operate like a true hub. Kaliningrad is a perfect location for collecting passengers from all the main destinations in Russia and providing smooth transit to the main European destinations."

Kaliningrad, the region of Russia located between Poland and Lithuania, is ideally located between the rest of Russia and Europe. As part of its ambitious plans to take a much larger role in the Russian air transportation industry, KDAvia is investing US\$30 million to construct a new terminal at Khrabrovo Airport. The airline has also invested another US\$30 million upgrading its fleet of aircraft. KDAvia has increased its fleet from eight Boeing 737-

300s last year to 19 737-300s. The additional aircraft will enable the airline to grow beyond Moscow and Saint Petersburg to other large Russian cities such as Omsk, Yekaterinburg, Nizhny Novgorod and Chelybinsk. The airline also plans to expand in Europe, adding London, Paris and Barcelona to its current destination of Berlin-Tegel.

The airline has already seen positive results from its more aggressive plans. The airline increased its number of passengers boarded from 300,000 in 2005 to more than 700,000 in 2006, more than 200 percent growth that far

The next year, it changed its name to KDAvia to distinguish itself from the operator of Khrabrovo Airport, also known as Kaliningradavia. The same year, a new management team created a new development plan, emphasizing a hub-and-spoke operation at its home base to make it a key gateway between Europe and Russia.

Kaliningrad has long been a key transit point. The first flights from the area began in 1922 when the German-Russian joint company Deruluft, the parent airline of Lufthansa German Airlines, opened the

**“ We selected *Sabre Airlines Solutions* as our strategic IT provider because we expect that, as the leading global software company, [it] will be able to offer appropriate IT solutions for all our needs.”**

— Leonid Itskov

outstripped the 14 percent in the Russian market overall. The airline anticipates its new hub structure will further increase passenger volume to 1.5 million this year and 2.5 million in 2008.

The airline's aggressive plans promise to mark a new chapter in the airline's history. KDAvia's roots go back to 1945. The airline, originally known as Kaliningradavia, launched international services in 2004.

first regular international route between Königsberg and Moscow. This route, along with Kaliningrad-Berlin, remains one of KDAvia's most lucrative. The area history also reflects its ties to both Europe and Russia. The region was once known as East Prussia, and was disputed between Germany and Russia until it was added to the then-Soviet Union after World War II.

Photo courtesy of KDAvia Airlines



To expand its reach beyond Moscow and Saint Petersburg to additional Russian cities including Omsk, Yekaterinburg, Nizhny Novgorod and Chelybinsk, KDAvia has invested US\$30 million to enhance its fleet. Last year, the carrier added 11 Boeing 737-300s, bringing its total to 19.

The area has such importance that Vladimir Putin, the president of the Russian Federation, has taken personal interest in the developing hub at Khrabrovo Airport.

As part of its new development plan, the airline is also investing heavily in new information technology infrastructure to improve the airline's commercial activity. The airline is moving to manage its network on an origin-and-destination basis so that it can more accurately calculate potential revenue and conduct more thorough business analysis and planning.


The new IT investment also includes implementing advancements at its new terminal at Khrabrovo Airport to improve passenger processing, including better handling through passengers at the new hub. KDAvia will also upgrade to a new reservations system and improve its Web presence. Currently, only 1 percent of the airline's sales are through its online presence, but it believes this figure will grow rapidly as the Russian government removes its restrictions on electronic ticketing.

To help facilitate its new technology, KDAvia selected the *Sabre Airline Solutions*® business as its strategic partner.

As part of the new relationship, the airline will implement several solutions to assist its development including:

- **The Sabre® AirMax® Revenue Manager** — The airline will use the system's O&D capabilities to better analyze and plan its flight structure and determine the revenue potential of its network.
- **SabreSonic™ Check-in** — KDAvia will utilize the passenger processing tools to smooth passenger transfers through its new hub.
- **SabreSonic™ Res** — The reservations system, which will be integrated with *Revenue Manager*, will provide enhanced customer-centric capabilities such as real-time access to customer profile data.
- **SabreSonic™ Web** — With an improved Web presence, the airline can provide better online services not only to its Russian customers but to those throughout Europe.
- **Sabre® Rocado® Airline Operations Suite** — The airline will install three components of the suite to make the airline's operations more efficient, including the deployment of its fleet and crew personnel.

"We selected *Sabre Airline Solutions* as our strategic IT provider because we expect that, as the leading global software

company, [it] will be able to offer appropriate IT solutions for all our needs," said Leonid Itskov, KDAvia's first deputy chief executive officer. "For example, we are considering adding [a maintenance, repair and overhaul] system from *Sabre Airline Solutions* because there is a lack of such systems at the market, and airlines desperately need them now. Also, we plan to add the company's credit suite product to compliment *SabreSonic Web*. We are conscious that we are paving the road for other regional airlines and airports to start using such advanced IT systems more heavily, and we are proud of doing that and setting the right example. Certainly, we believe that *Sabre Airline Solutions* will contribute intensively toward achieving our business objectives." 

*Alexey Shubenkov is a sales director in Russia for Sabre Airline Solutions. He can be contacted at alexey.shubenkov@sabre.com.*