

# ascend

Taking your airline to new heights

A portrait of Muhammad Ali Albakri, Chief Information Officer of Saudi Arabian Airlines, wearing a dark suit and glasses, looking directly at the camera. The background is a bright, modern office space with large windows.

## THE JEWEL

A Conversation With ...  
Muhammad Ali Albakri,  
Chief Information Officer,  
Saudi Arabian Airlines,

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# Major Systems Upgrade For Asia's First

Philippine Airlines selects new passenger service technology



In addition to enhancing its customers' overall experience, Philippine Airlines' selection of advanced customer sales and service technology expects to generate additional revenue, cut costs and boost productivity.

■ By Lynne Bowers-Dodson | *Ascend* Staff



**P**hilippines Airlines (PAL) has learned to soar amidst the challenges. Like an eagle, the 70-year-old carrier has learned how to move its wings to take advantage of uplifting thermals during good times and to maneuver through the unpredictable dives inherent to modern aviation.

Asia's first airline has flown under a single livery backed by private investors, the government and back again to private investors. Despite the bumpy journey, PAL has emerged in 2011 as one of the most respected airlines around the world with a young and modern fleet of aircraft and a route network that spans 25 foreign cities and 20 domestic ports.

Philippines Airlines began operating on March 15, 1941, using a Beech model 18 aircraft. Last May, the carrier continued a fleet modernization program that began in late 2006 when it inked a deal for two fuel-efficient Boeing 777s, designed for long-haul flights. PAL continues to expand its short-haul operations by tying up with AirPhil Express, a low-cost sister company.

In March and April 2012, it will take delivery of two Airbus A320s on lease from GE Capital Aviation Services, and it is in the market to lease two more Airbus A320s for delivery in the last quarter of 2012. PAL currently has 17 Airbus A320s/A319s, eight Airbus A330s and four Airbus A340s.

In an interview last year, Jaime J. Bautista, PAL's president and chief operating officer, told reporters that he believed, at least in the Asia Pacific region, the worst of the economic crisis is over.

"Medium-term prospects look good," Bautista said. "Intra-Asia is now the largest aviation market, with ASEAN economies gaining strength. These provide us with plenty of opportunities for growth."

Over the years, PAL has seen that investments in information technology and analytics are just as important as investments in aircraft. Historically, the carrier has been a trailblazer in the use of technology in its operations. PAL kept abreast of fast-paced developments in technology, incorporating it into practically all facets of its operations to ensure planes depart and arrive on time while delivering world-class customer service.

The PAL data center is the headquarters of the airline's information systems department, communications engineering and information technology hub. The center is the core of PAL's operations.

The carrier's commitment to technology was most dramatically demonstrated during the worst of the Asian financial crisis in the late 1990s. The crisis took its toll on airlines worldwide and, in September 1998, PAL suspended operations for nearly two weeks. In October 1998, PAL re-opened with a drastically reduced network, using only half of its former fleet and half of its workforce.

A massive rehabilitation plan, along with a capital infusion of US\$200 million by Chairman Dr.

Lucio C. Tan, returned PAL to financial viability in 1999. By March 2001, it reported a net income of 419 million pesos (US\$9.1 million), giving it the capital it needed to invest in technology that would make it more efficient and competitive.

By May 2003, it launched a new online departure and arrival facility, giving passengers real-time flight information. A month later, it introduced a new booking engine. One year later, PAL launched e-ticketing, which was fully operational throughout its network by May 2007, meeting IATA's industry mandate.

According to Bautista, the carrier sees investments in new technology as a key to controlling costs. Investments in new equipment and technology were always on the PAL agenda because "new hardware and software will always be more efficient than older models," Bautista said.

"We want to be as efficient as possible in all aspects of our operations," he said. "PAL is a legacy carrier, but we have worked very hard on controlling our costs. Cost control is absolutely vital during an economic recession, but it is no less important when the market picks up. It is a very competitive industry, and we need to be able to offer our customers value for their money. That means a quality product at a very competitive price."

The need to remain competitive led PAL to search for a new passenger service system starting in 2009.

"PAL needs to rethink its business model and to continue to focus on adopting the best industry practices," said Program Director Kevin Hartigan-Go, who heads the composite team tasked to implement a new passenger service system for the airline. "That includes acquiring a modern technology platform that will replace our outdated systems for reservations, pricing, ticketing, seat inventory control and departure control."

The PAL evaluation team spent a year and scored five different vendors based on how their solutions helped the carrier achieve its core business strategies of customer care, revenue

generation and cost control. The team considered functional and technical requirements, as well as vendor implementation strategies and its customer-support capabilities.

In the end, PAL chose *SabreSonic® Customer Sales & Service* because the solution was a standout when it came to:

- Balance of cost and functionality,
- Reduced implementation and migration risk,
- Vendor relationship management.

"Our team believes *SabreSonic CSS* is the best fit for our requirements," said Hartigan-Go. "The *Sabre Airline Solutions®* vision aligns with our core strategies. On the customer service side, it will provide a personalized one-stop shopping experience for our customers and give them multiple payment options. It will also help us generate revenue through a number of features such as targeted promotions, direct distribution channels and revenue integrity checks. *SabreSonic CSS* will help us become more efficient and productive with tools that manage the channel mix to minimize distribution costs, entice passengers to use self-service, monitor sales performance, ensure data migration and lots more."

Another advantage offered by *SabreSonic CSS* is that it gives PAL more merchandising opportunities that will support other ancillary products the carrier is currently looking at and allow it to distribute these products and services across all points of sale. Another standout includes the inventory control feature, which can track inventory to preclude fraud and ultimately help PAL maximize revenue.

PAL officials are looking forward to having the solution in place by early next year. The new technology will help the carrier achieve its core business objectives in specific areas, including:

**Customer Service**

- Provide one-stop shopping for customers at any touch point
- Offer multiple channels and payment options for customer convenience



**New Aircraft** As part of its fleet modernization program, Philippines Airlines added two fuel-efficient Boeing 777s, designed for long-haul flights.

- Deliver personalized service and unique experience at all touch points
- Maintain high service standards and ensure consistent delivery across all touch points

**Revenue Generation**

- Offer promotions to selected market segments
- Offer and charge for ancillary services to generate revenue beyond sale of seats
- Enhance inventory management and revenue integrity checks
- Offer more direct distribution channels
- Provide more payment options across all direct distribution channels
- Increase incremental revenue on free-flow codeshares

**Cost Efficiency And Productivity**


- Enable more effective distribution channels
- Manage channel mix to minimize distribution costs
- Entice passengers to use self-service facilities
- Automate processes
- Implement graphical user interface
- Monitor sales performance
- Monitor employee productivity

- Review and improve business processes
- Implement change management on the use of the new system and implementation of new processes and policies
- Ensure that adequate system security and controls are in place
- Ensure seamless data migration
- Ensure seamless interface of the new passenger service system and existing systems
- Ensure compliance to industry and government regulations
- Develop comprehensive service-level agreements
- Ensure compatibility with existing infrastructure and equipment
- Ensure company stability in terms of future direction, experience and ownership

Reliability is vital to choosing any technology partner because it's the passengers who will notice in the end. Today's discerning travelers have myriad choices. They want premium-class service that offers a seamless travel experience ... before, during and after the flight. Hence, airlines must exhibit that competitive edge to be the airline of choice.

Having the right technology is one of the components that will make legacy carriers such as

PAL achieve positive branding in the long term. PAL's PSS aims to achieve just that — good branding that will lead to continued patronage and build new links that will strengthen the PAL brand.

As Bautista puts it aptly, "Passengers must have confidence in the technology. As long as you get that right, it will promote both the brand and a positive passenger experience." 

*SabreSonic Customer Sales & Service overview*



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**+count it up**

**25**

The percentage by which all companies' sales are dependent on air transport, according to IATA.

**6.3 million**

The number of indirect jobs, according to IATA, that are created via purchases of goods and services from companies in the air transport supply chain.

**2.9 million**

The number of jobs that are induced through spending by industry employees, according to IATA.

**17.1 million**

The number of direct and indirect jobs, according to IATA, that are created through air transport's catalytic impact on tourism.

**40**

The percentage, according to IATA, of international tourists who travel by air.

**50**

The percentage of both outside air and filtered air (recycled) cabin air systems deliver, providing between 15 cubic feet to 20 cubic feet of total air supply per minute per person in economy class, according to IATA.