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Brett Godfrey,
CEO, Virgin Blue

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A Conversation With ... Brett Godfrey, CEO Virgin Blue

Since it began operations in 2000, Virgin Blue has rapidly become one of the strongest airline brands in the Asia/Pacific region. With its emphasis on a point-to-point route structure serving 16 markets in Australia, the carrier has always maximized its resources as the region's pioneering low-cost carrier.

Virgin Blue is single-mindedly focused on controlling costs and ensuring that its money is well spent. With its exclusive use of electronic tickets, "a la cart" in-flight food menu available for purchase, modern yet efficient office facilities and single fleet type, the carrier keeps costs at a minimum without jeopardizing its quality and reputation. In fact, Virgin Blue was voted the world's "Best Low Cost Carrier" in the Travel Quality.com Aviation Awards for 2003, besting other well-known low-fare carriers such as U.S.-based Southwest, Irish carrier Ryanair and U.K.-based airline easyJet.

“As part of its IT strategy to maximize growth, Virgin Blue recently selected Sabre Airline Solutions to help integrate its flight operations.”

From its first two Boeing 737-400s the airline began flying in August 2000, Virgin Blue has grown its fleet nearly 15 fold. With its current fleet of 29 Boeing 737s, Virgin Blue flew 2.3 million passengers in 2001. An offspring of Sir Richard Branson's Virgin Group, which

also includes Virgin Atlantic Airways, the award-winning airline has been recognized for its innovation, customer relationship management and service excellence.

The Virgin Blue name is a light-hearted take on the Australian slang for a red-headed person — known locally as a Bluey — a perfect distinction for the livery of its vibrant red fleet.

Virgin Blue CEO Brett Godfrey discusses some of the ways the airline has been able to compete effectively while steadily improving its bottom line.

Question: How has Virgin Blue's strategy changed to combat the many challenges facing the airline industry today?

Answer: Virgin Blue was born into current airline challenges and doesn't know any differently. Our primary challenge has been self-imposed growth and quite massive growth relatively speaking. We started with two aircraft in August 2000; by August 2002 we had 12 and by August 2003 we'll be at 35. The team at Virgin Blue has become accustomed to heroic deeds being considered the norm.

Q: Has the current situation caused you to put a greater focus on achieving maximum value (getting the most possible benefit from assets/resources)?

A: We have always been extremely diligent, in fact, perhaps pedantic in our attention to value. Our recent Boeing announcement emphasized that focus by taking near on 12 months of our time



Brett Godfrey leads Virgin Blue, the Australian low-cost carrier that began operations in 2000.

to reach a conclusion that we felt our shareholders, via the board, would ratify immediately.

Q: Does being a low-fare carrier make it more critical that you get a rapid return on your money?

A: Contrary to popular misconception, Virgin Blue is not focused on rapid return on its money. The airline was started from a mere A\$10 million, and banks' research departments have been quick to place multiples of more than 100 times this investment as the current valuation of our airline. Our focus from the start was to build



sustainability not profitability, and that meant a long-term approach to all contracts and a true sense of fairness to fare setting. For example, we did not take advantage of Ansett's demise by increasing fares, we wanted those passengers to appreciate our service and value for money and return as opposed to a one-time bonanza.

primarily as a result of technology drives. For example, the only department in the company in 2002 in which the director was allowed to set his own budget was information technology. Timely revenue collection is crucial, and I believe our software here is state of the art. Crew planning, scheduling and optimization software recently acquired will also result in material savings.

and our ground crew and check-in teams are also trained as cabin crew. People think we use rear stairs to save money, when the reality is we use them to save time, which in turn gets more utilization out of our aircraft. We use our size to leverage bigger and better savings.

Q: When looking at investing in an IT system, how quickly do you look to get a return on investment?

A: We look for a system to pay for itself within 12 to 18 months for tangible cost savings or value benefits.

As part of its IT strategy to



most carrier, which has undergone tremendous growth since it

Q: What is the single most important aspect of running a low-cost/low-fare airline?

A: You can't keep the "air fair" without the lowest costs, and that's our motto — "cost control is paramount to success."

Q: What factors do you weigh when implementing new business processes?

A: Clearly, cost benefit and likelihood of attainment.

Q: What are some of the areas you can look at to achieve rapid return on investments?

A: We continue to search for and find markets where competition is complacent and the consumer is being ripped off or underserved. When we find these markets, and we do so regularly, each asset employed (aircraft and people) is profitably employed.

Q: How does Virgin Blue seek to maximize its resources to get the most value from its investment?

A: We maximize demarcation. For example, our guest contact center staff is trained to work at the airport



maximize growth, Virgin Blue recently selected Sabre Airline Solutions to help integrate its flight operations. As part of a five-year agreement, Virgin Blue will deploy Sabre® AirOps™ Movement Control, the Sabre® AirCrews™ crew management system, the Sabre® AirFlite™ Schedule Manager and the Sabre® AirFlite™ SlotManager™ system. In addition to this agreement, the airline also utilizes Sabre® AirOps™ Flight Planning. 

Q: What role does technology play in maximizing your airline's bottom line?

A: Technology infuses and drives our innovation, and Virgin Blue has been perceived as an innovative airline

+count it up

600+ — Number of airlines with schedules in the Sabre® Passenger Reservation System

12 million — Number of fares stored in the Sabre® Passenger Reservation System — 12 times as many fares as stored in 1978

400 — Number of airlines worldwide that have been assisted by Sabre Consulting