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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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# NIGHT AND DAY

LAN's new real-time revenue integrity technology exceeds expectations

LAN Airlines cancels six times more bad bookings by keeping its inventory clean through real-time revenue integrity technology and processes.

■ By Stephani Hawkins | *Ascend* Editor and Phil Johnson, *Ascend* Staff



**N**earing the turn of the century, LAN Airlines set forth to expand its South America, Europe and North America routes as well as its native Chilean domestic network. In that steady pursuit, it launched LAN Peru in 1999, LAN Ecuador in 2003 and LAN Argentina in 2005, adding new service to already existing LAN Airlines (international routes) and LAN Express (domestic routes).

While it was an invigorating new chapter for the carrier, the expansion came with some challenges. LAN's in-house revenue integrity technology was designed to support a single airline and hub.

In the late 90s and early 2000s, LAN had developed in-house state-of-the-art revenue integrity technology that was pioneering the industry. A decade later, this technology could no longer cope with the speed and depth of the huge transformations that the carrier endured in order to become one of the largest and most successful carriers in Latin America. Becoming a multi-hub, multi-carrier business essentially rendered LAN's existing revenue integrity system obsolete.

"We saw the need to apply revenue integrity by O&D, and we couldn't do that with our in-house robotic tools," said José Miguel Pérez, revenue integrity and commercial support director for LAN Airlines. "For instance, you can find at least eight different alternative ways to fly from Córdoba, Argentina, to Miami, Florida, and we couldn't handle that with our existing revenue integrity process in a simple way."

Because LAN's flights and systems were rapidly multiplying, it became quite obvious that major changes were now required. The question was, "How"?

"There was a point at which we actually did see an in-house alternative," Pérez said. "Essentially, it would have required rebuilding our robotics tools with new functionalities. But we realized this alternative would take a very long time. We didn't have a long time, and that option was dismissed."

The carrier had been operating with in-house functionality that was adequate for the limited size and scope of LAN's early years and modest growth. At that size and scope, systems functioned and relatively satisfactory results were achieved. With its in-house robotic tool, the carrier could apply ticket time limits (TTL) for any PNR (single and multiple routing). While it was easy for simple routings, multiple routings proved more difficult.

"With our old robotics tools, we had a process called 'instant purchase' that could feed passenger name records almost in real time," said Pérez. "We gained benefits from that, and we could apply a ticket time limit process, for example, according to IP fare regulation.

"But the system couldn't handle multiple routings easily, and our effective PNR feed was only on a daily basis. So we were losing opportunities having a daily-feed PNR and restrictive robotic tools because we weren't able to clean the inventory once a PNR was created or updated, and we were applying RI easily for simple routings and in a more difficult way for multiple routings."

Having only daily PNR feeds — as opposed to real-time PNR feeds — resulted in further complications.

"With daily-feed PNRs, our robotic tools were designed to run at certain hours during the day," said Pérez. "And we faced

#### HIGHLIGHT

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problems with some agents who managed to identify that processing hour, and they made up some tricks to avoid our robotic processes.

"That's one of a number of reasons that real-time PNR feeds are so important. With real-time processes, it's impossible to do that — and the benefit is enormous."

So it wasn't just a matter of operating multiple carriers and hubs that presented the revenue integrity challenges. The revenue integrity system fell short in several other critical areas.

"We had some restrictions with the TTL process based on creating PNR dates, so we had to define a date range and apply a fixed TTL (.+3, for instance) on that range of dates,"

Pérez said. “There were numerous reasons we deemed it essential to retire our in-house system and implement a world-class revenue integrity tool.”

With that in mind, LAN began its search for the ideal revenue integrity solution. The carrier started to investigate within the industry to identify the best revenue integrity provider that could meet its needs by applying real-time revenue integrity on an O&D basis.

“Since around 2005, we were systematically looking at all existing state-of-the-art alternatives in the market, but none of them were better than our in-house RI software until, in 2009, we finally found that Calidris had made the leap forward,” Pérez said.

“We were looking for a platform that met specific criteria. The solution, first and foremost, had to be scalable, flexible and efficient. It also had to have a good time to market, which is absolutely essential to meet our business needs, and reasonable maintenance costs, as well.”

Overall, the solution had to:

- Include real-time capabilities,
- Be compatible with LAN IT,
- Provide operational and management reports,
- Be flexible for programming,
- Be the best technology in place,
- Include integrated processes.

After extensive research, the carrier selected *Sabre® AirVision™ Revenue Integrity* (previously the Calidris RI solution), a solution that, among myriad capabilities, removes bad bookings from the airline’s inventory to help ensure that seats are not occupied by false

bookings from fake names, duplicate bookings and non-ticketed bookings (enforcing ticket time limits).

“*Sabre AirVision Revenue Integrity* is vastly different from the in-house solution we were using,” Pérez said. “It has given us good time to market and integrated processes so we can apply all revenue integrity processes simultaneously.”

“One of the key differentiators is the broad knowledge of the subject matter experts at *Sabre Iceland* (formerly Calidris), who are able to apply excellent solutions quickly.”

Among the challenges of the implementation was that LAN would need to feed PNRs from its reservations system or its inventory system. For numerous well-considered reasons, LAN chose to use Resiber (its inventory system, a product of **oneworld** partner Iberia Airlines).

“The challenge was not only to define how to feed the RI system with PNRs from Resiber, but to define how to work among teams at *Sabre Iceland* (Reykjavik), Resiber (Madrid) and LAN (Santiago), considering global factors including time zones and languages,” Pérez said. “So we initiated conference calls to coordinate the tasks involved, both prior to and, of course, during the project.”

The timing of LAN Airlines’ decision to sign a contract and begin the migration process actually proved fortuitous in unexpected ways.

“We made the decision in February 2010, and the contract was signed in April 2010,” Pérez said. “In the meantime, Calidris was acquired by *Sabre Airline Solutions®*. And we

immediately recognized the benefits of that acquisition, because just a couple of months before, we had also made the decision to move to *Sabre Airline Solutions’* reservations, inventory and departure control systems.”

When migrating to *Sabre AirVision Revenue Integrity*, it was essential not only for the teams to work closely together, but also to maintain operational structure and keep the carrier’s IT systems working seamlessly.

LAN’s commercial systems and operational research was critical in project handling, general RI knowledge and organizing necessary tasks. The development and operational areas of IT were vital in relation to technical communications issues in accessing applications and for data transfer among team members.

And, of course, RI was smack in the middle of the entire undertaking.

“Also, it was essential to maintain the cancellation process, to keep it working during the migration period,” said Pérez. “Our LAN RI people worked extremely hard in continuously monitoring and cancelling PNRs manually.” From the migration process, several quantifiable lessons emerged.

“It’s quite important, first of all, to have all teams aligned and constantly communicating,” said Pérez. “It doesn’t matter where each team is located ... only that the teams trust one another fully to know what they’re doing.”

“Second, it’s essential in discussion to lay all tasks on the table to evaluate together and decide how to move forward. Third, absolute confidence in the technical skills among the teams is vital.

“And finally, out of all this corroboration, good relationships must emerge to ensure that the migration is successful,” Pérez said.

Benefits accrued through the new system capabilities have further solidified LAN Airlines’ decision to upgrade its revenue integrity system and processes.

“Among other things, we can now apply RI for a year in advance,” said Pérez. “With our old tools, we were capable of applying RI only three months out.

“This fact combined with real-time RI means we can now clean our inventory whenever we detect a PNR against which TTL and cancelling must apply. So we’ve effectively enforced correct agent behavior, and agents now realize they’re not able to avoid the RI process.”

When comparing LAN’s old system to its new *Sabre AirVision Revenue Integrity* capabilities, the difference is dramatic.

“Looking at our new cancelling process against the cancelling process of our old robotic tool, we are now cancelling six times more than before,” said Pérez. “And cancellations are a direct measure of value. They measure how well we manage to clean up inventory by throwing away low-quality bookings so we have seats available to sell



Photos: LAN

**Award Recipients** From left, Constanza Parant (IT process engineer), Alejandra Becerra (revenue integrity manager), Patrick Real (revenue management analyst), Katherine Paredes (revenue integrity agent), Jaqueline Parra (revenue integrity coordinator), receive awards for outstanding participation during LAN’s revenue integrity project.



**Team Players** LAN's successful implementation of *Sabre AirVision Revenue Integrity* depended on skilled team members who worked closely together. Front row from left, José Miguel Pérez (revenue integrity and commercial support director), Javier Jimenez (commercial systems and operational research analyst), Jaqueline Parra (revenue integrity coordinator), Alejandra Becerra (revenue integrity manager), Carla Passadore and Alejandro Gallardo (revenue integrity agents). Back row from left, Katherine Paredes (revenue integrity agent), Felipe Velasco and Rodrigo Savoy (commercial systems help desk analysts).

to people that will really fly with us. So we can easily see that we get outstanding value from the new revenue integrity system.

"We can also identify how close to flight departure we are cancelling PNRs. It is extremely important to cancel the low-quality bookings as early as possible to have full availability. We measure the no-show rate and the no-show standard-deviation rate on a daily basis, informing it every 15 days. That has allowed us to see that we're properly applying RI processes — mainly by flights, routes and markets. Also, because of the consistent real-time cancellation process, we achieve more accurate cancellation and demand forecasting on our revenue management system."

LAN Airlines' management is forthcoming in its opinion of the relative value of its new revenue integrity system.

"During our evaluation phase, we really studied and worked to understand this RI tool — visiting with other airlines and benchmarking," Pérez said. "So we were quite sure we were acquiring the right system. And in this sense, I can say that *Sabre AirVision Revenue Integrity* has met our expectations. But comparing this solution with our old solution, I can definitely say it has exceeded our expectations ... it's like night and day."

Acceptance of the RI system actually goes even deeper into LAN's operational approach to its daily schedules and planning.

"*Sabre AirVision Revenue Integrity* has the flexibility to recognize almost every element on a PNR," Pérez said. "And that allows us to use the system in almost all of those processes that can be used to clean up inventory. Having said that, it has not only been our traditional departments — such as revenue integrity, revenue management and sales — that have been impacted, but others such as distribution as well."

In a separate transaction, LAN Airlines also selected ticketing integrity capabilities as part of *Sabre AirVision Revenue Integrity*, which the carrier plans to implement within the next several months. LAN sees its ticket operations as another key to long-term success.

"Currently, we have an in-house solution called Ticket Validation," said Pérez. "It takes PNR routing and name information and compares it with the corresponding e-ticket information from our in-house ticketing database. The system considers all tickets created or modified the day before the process runs."

"All the tickets of a PNR are scored according to the validation of each ticket and then, based on a final PNR score, the system decides to cancel automatically or puts tickets in queues to be worked manually. Additionally, it looks for the same ticket number throughout the database and cancels PNRs if they match."

Overseeing both revenue integrity and ticket integrity is expected to help ensure operational efficiency.

"Until we migrate our reservations, inventory and DCS, we will continue feeding e-tickets from our database," Pérez said. "But after migration, our objective is to get e-tickets from the e-ticket server on a real-time basis."

"And regular periodic reports will help provide data management on information as to travel agencies and their practices as well as real-time information on seats released through the cancellation process."

LAN, which is merging with TAM under a single holdings company (LATAM), has made significant strides during the past decade, and its strategy to improve its systems and processes will undoubtedly secure a long-term spot for the prominent Latin American-based carrier. [F](#)

*Sabre AirVision Revenue Integrity* overview



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