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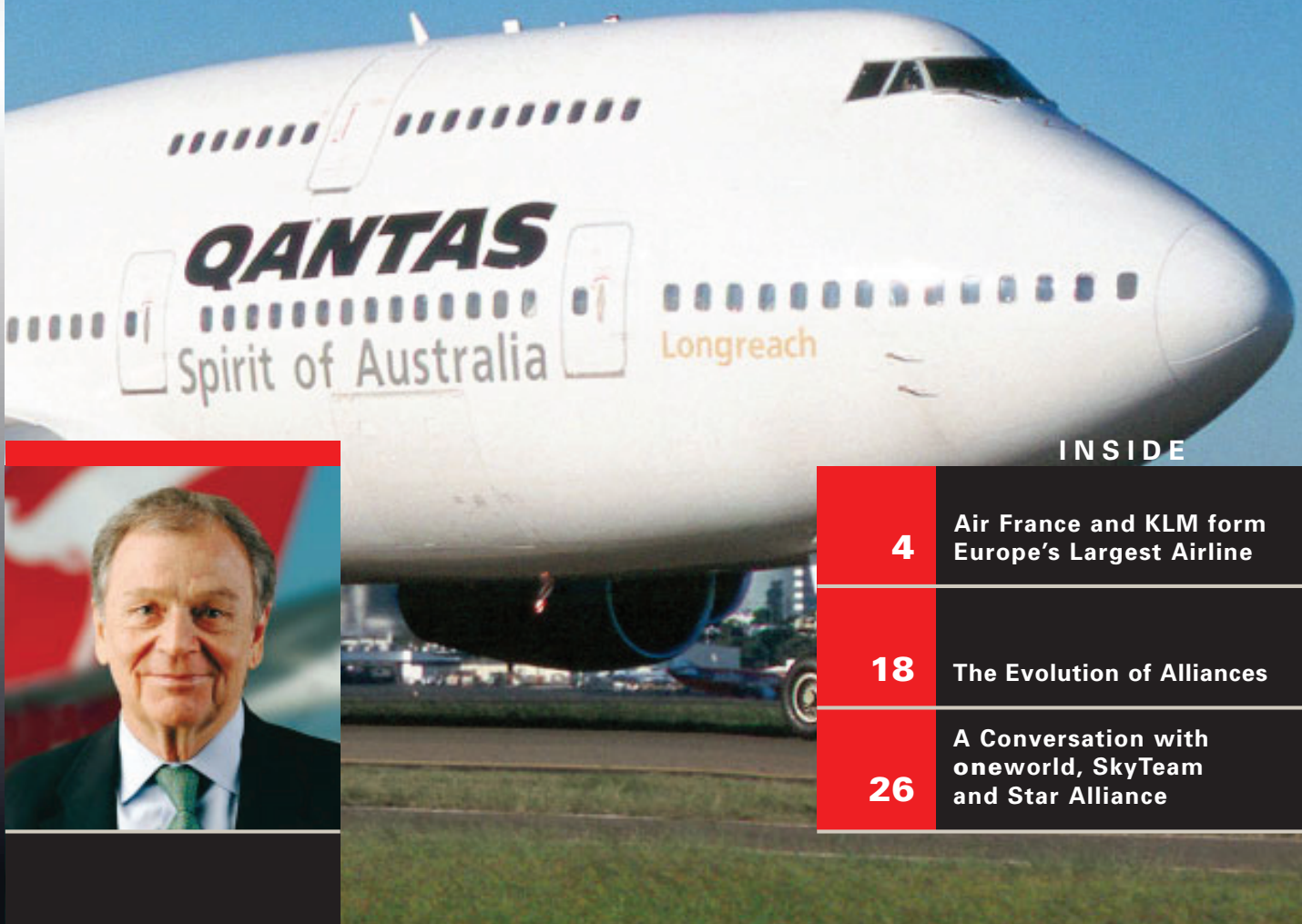
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Out of Africa

As EgyptAir revamps its operations and route network, it stands to play a big role in traffic from Africa to Europe and the Middle East.

■ By Vijay Bathija | *Ascend Contributor*

EgyptAir has always had the ingredients for success — it is the flag carrier of one of the most populous nations in the Middle East, a country with an impressive history and culture that annually draws thousands of visitors; it operates one of the youngest and most modern fleets of aircraft in the world; and it is strategically positioned among Europe, Africa and the Middle East.



Yet, officials of the Cairo, Egypt-based airline believed EgyptAir was not fully utilizing these natural advantages to reach its full potential as one of the region's leading airlines.

"When we looked at our operation, we realized we were not getting fair market share," said Eng. Mohammed Hassan, advisor to the chairman of EgyptAir. "We also believed that we could improve our pricing, sales and distribution operations so that we didn't miss revenue opportunities."

Given the desire to improve its operations, EgyptAir officials began to thoroughly examine the airline, enlisting the help of Sabre Airline Solutions Consulting to identify areas where the airline could improve.

The airline asked the consulting team to assess the current environment and develop a comprehensive turnaround strategy to help EgyptAir capitalize on its natural strengths and minimize its weaknesses.

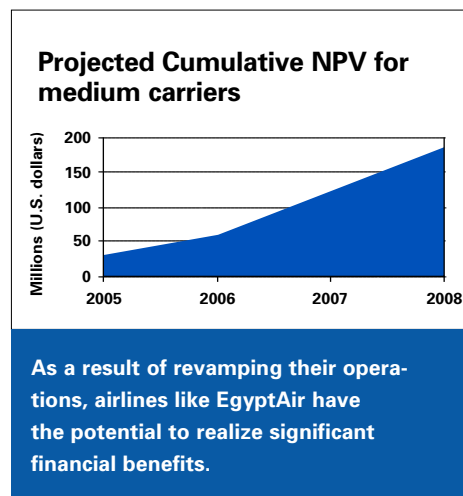
Taking a Hard Look

"Sabre Airline Solutions consultants were focused on our needs and took the time to understand our specific issues before proposing a solution," Hassan said. "Then, the team worked closely with EgyptAir to implement that solution."

Working with the consulting team, EgyptAir prepared a holistic turnaround plan.

The team started with an analysis of the airline's strengths, weaknesses, opportunities and threats — known as a SWOT analysis. Through the analysis, the team developed a comprehensive strategy to address the airline's weaknesses and take advantage of its opportunities.

"Through the SWOT analysis, we were clearly able to see where we could make dramatic, immediate improvements to our airline," Hassan said.



One element of the turnaround strategy involved developing a new network schedule that optimized aircraft deployment and helped the carrier reach profitability. Network redesign was supplemented by a new strategy of codeshare alliances and by implementing best practices for pricing, revenue management, and sales and distribution.

To extend EgyptAir's reach, the consulting team analyzed potential codeshare partners throughout different regions and delivered a report showing the maximum benefits of implementing a new codeshare strategy. For example, a codeshare agreement with Austrian Airlines was enhanced to benefit both parties. The new codeshare strategy enabled

EgyptAir to increase service to Vienna, Austria, on Austrian Airlines' code and begin providing daily service between the two partners. In addition, through Vienna, EgyptAir passengers would have more frequent service to more European destinations such as Stockholm, Sweden. The airline also examined its codeshare agreements in Asia, and as a result, EgyptAir is working to develop new codeshare partners in the region.

To implement the network redesign strategy, the consulting team used the Sabre® AirFlite™ Fleet Manager, the Sabre® AirFlite™ Schedule Manager and the Sabre® AirFlite™ Profit Manager to optimize EgyptAir's network. The consultants used the joint approach of running the planning tools and showing the continuous improvement results over various iterations to reach the optimum solution. This process, which took two months, resulted in an optimal network that focused not only on network profitability but also customer convenience. As a result, EgyptAir improved service to major markets such as North Africa and the Gulf region while also streamlining services from Europe to popular beach destinations such as Sharm-El-Sheikh.

"We were very excited to see how much revenue we could generate by simply revamping our network," Hassan said. "By doing so, we were able to ensure that we enhanced the utilization of our aircraft and optimized passenger flows."

Based on its analysis, the consulting team estimated that EgyptAir could improve results by US\$40 to US\$50 million a year if the right changes were made.

The positive effects of the network redesign consulting work were further enhanced by internal process changes in pricing and revenue management that incorporated industry best practices.

In terms of pricing, the new automated fare filing process the airline introduced enables it to appear prominently in the dis-

Photo courtesy of EgyptAir



As part of its recent turnaround strategy, EgyptAir created a new network schedule and implemented an innovative codeshare plan, helping increase network profitability and customer convenience.

plays of online travel agencies such as Travelocity and Expedia. Additionally, major online connecting markets have now filed fares and more competitive offline fares can be offered. EgyptAir also introduced advanced revenue management procedures and established a centralized group desk to handle group reservations, which represent a major portion of the airline's business.

Besides improved availability on the Web and in global distribution systems, sales and field office personnel were trained on the new pricing and revenue management strategies and sales approaches to support the redefined distribution strategy. Also, refined processes to monitor booking information data tapes/market information data tapes were recommended to align agency payments with actual productive bookings.

The introduction of a 24-hour call center, which is slated to open this month, will further enhance accessibility for reservations. This will help to not only increase sales but also increase satisfaction levels with better response to customer enquiries.

Turning it Around

By redesigning its network so as to optimize performance, EgyptAir:

- Improved its Cairo hub connections from Africa to Europe and the Middle East,
- Restructured 13 low-performing stations,
- Eliminated tag flights and focused on the largest non-stop markets,
- Implemented consistent flight times to all major markets,
- Increased utilization of aircraft resources,
- Built alliances to extend its reach.

As a result of these changes, Egypt is projected to become an important gateway for Africa to Europe and Africa to Middle East traffic. With the realignment of the network and improved connectivity, both flow traffic and total traffic are expected to grow about 30 percent and 24 percent respectively during the next four years, resulting in improved profitability.

In addition to network adjustments, EgyptAir also made several downline changes, including:

- Better availability of published fares,
- Availability of seats and fares in online travel agencies,
- Initiatives to establish a ticket sales Web site,
- Implementation of a five-year comprehensive performance strategy,
- More efficient summer schedule,
- Cairo hub and fleet plan recommendations,
- New published fares significantly extending EgyptAir's offering in the marketplace,
- Changes in the airline's revenue management paradigm and practices,
- Redefined distribution strategy,
- Focused sales team training,
- Station audit checks with recommendations for changes,
- Knowledge transfer in key areas.

All of these changes, developed in conjunction with the consulting team, helped to significantly increase profitability and position EgyptAir as a major player in the region for continued future growth. **E**

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THE HIGH • LEVEL view

News Briefs from Around the Globe

Who

Southwest Airlines

What

Joined the *Travelocity Partner Network*sm, making Travelocity the exclusive supplier of cruises for Southwest Airlines. Travelocity will provide cruise content to Southwest

Airlines via its Web site, www.southwest.com, providing Southwest Airlines a best-in-class cruise product for its customers.

Why

"We continue to bring our customers the best products, the best service and the best values, which is why we chose

to partner with Travelocity and its rich offering of leading cruise brands," said Kevin Krone, Southwest Airlines' vice president of interactive marketing. "We look forward to fostering a significant cruise relationship with Travelocity — one that is mutually beneficial for each company as well as our mutual partners in the cruise industry." **E**