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A Conversation with
Abdul Wahab Teffaha,
Secretary General
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The Focal Point

Using an application service provider delivery method enables airlines to focus on their core business while having the technological backing necessary to optimally run their airline.

■ By Emily Tate | *Ascend* Contributor

From a young age, children learn to recognize things that belong together and things that don't. When looking at an apple, an orange and a carrot, many children understand that the carrot is not a fruit like the others. With businesses, it can be easy to lose sight of this basic fundamental and try to focus on things that don't fit within the core function of the company. Looking at an airplane, a pilot, a passenger and a database server, it becomes clear that some aspects of running an airline should demand greater focus from airline executives than others.

Information technology is constantly becoming more sophisticated, providing better optimization tools and functionality. While it may be appealing in an age of intense competition, with this sophistication comes IT complexity. Many of the best solutions in the marketplace require significant investment in hardware, third-party software and other IT resources. At the same time, airline IT departments are seeing reduced budgets and finding that too much time is being spent on tactical projects rather than focusing on driving value.

To maintain focus on their core business, airlines must find a way to get the benefits of these technology solutions while minimizing the increase in IT burden. One way to achieve this is to utilize an application service provider model, in which an application resides on the servers of a different company and is accessed via the Internet or a secure, dedicated communications line. Using an ASP can reduce IT costs for an airline as well as provide other benefits that can improve the bottom line.

Low Total Cost of Ownership

By eliminating many of the upfront costs associated with running an application, ASPs can decrease the overall amount being spent on airline-specific

applications. Servers do not have to be purchased and third-party software licenses do not have to be obtained. Hardware typically must be refreshed every three to four years, adding more to the total cost over the life of an application. In addition, ASP providers can typically run more than one instance of an application simultaneously, achieving economies of scale that internal IT departments cannot attain.

Beyond the physical hardware infrastructure needed, using an ASP also reduces the number of personnel that must be dedicated to monitoring and maintenance — an expense that can greatly increase costs but is necessary to maintain stability. By reducing the amount of support needed, ASP providers can often lower the total cost of ownership between 20 percent and 50 percent over a locally installed solution.



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When critical incidents caused by hardware or software malfunction occur, it's vital to get back online as quickly as possible so airline professionals, such as pilots, as well as passengers, are not negatively impacted. Running solutions remotely via an ASP can reduce resolution time by 55 percent versus applications that were locally installed.



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Carriers using an application service provider delivery method to operate valuable information technology solutions can better focus on their core competency of running an airline. Through the ASP environment, solutions can be implemented and maintained outside of an airline's local data center.

Allows for Scalable Solutions

As airlines grow, hardware capacity can become an issue. The loads placed on servers can become too high, requiring the IT department to purchase more expensive hardware and further increasing the cost to monitor and maintain equipment.

With an ASP solution, capacity can be increased with the airline's growth much more easily. The spike in costs that can be seen when the applications are hosted in an airline's local environment is greatly reduced as the ASP is responsible for maintaining enough capacity to keep the airline's system running smoothly in production.

Lowers Fixed-Cost Base

The airline industry is highly cyclical and high fixed-cost bases can make slower times extremely difficult. Having to maintain the overhead costs associated with a full data center and all of the hardware and third-party software licenses significantly increases the fixed costs of an airline.

In an ASP model, these fixed costs are turned into variable costs with predictable pricing, providing more flexibility in slower times and making costs easier to shed if needed.

Simplifies Internal IT

With a locally installed solution, the airline's internal IT group must spend time and money keeping the applications in production. Vendor-provided applications may use third-

party software that requires additional training and familiarization for the airline's staff. Using an ASP solution, significant time can be saved so this group is not burdened with the day-to-day operation of complex systems. An ASP provider owns the responsibility of keeping the applications running in an acceptable manner, including:

- Installing maintenance releases and patches,
- Monitoring systems to ensure they are functioning properly,
- Upgrading hardware and third-party software,
- Troubleshooting issues — whether hardware or application related,
- Maintaining the most recent version of the airline-specific application.

Reduces Operational Impacts

Unplanned downtime for a critical application can be very costly for an airline. Loss of productivity and disruption of operations as well as resources required to get the issues fixed can greatly impact the bottom line.

According to research done on the Sabre® eMergo® Web access ASP solution, the number of critical/high-impact service incidents was about 33 percent less for a hosted application than for a locally installed application over a 10-month period. With data center experts on site whose sole responsibility is to minimize incidents caused by hardware and software malfunctioning, the environment is

kept in a more stable condition than most airlines can achieve themselves.

In addition, when the critical incidents did occur, the resolution time for applications hosted on the eMergo platform was 55 percent lower than for applications that were locally-installed. Through monitoring and on-site staff, the problems can be diagnosed and solved more quickly, getting the applications back in productive mode faster.

Airlines will always require sophisticated software to meet their complex business needs. Like a child choosing the carrot from a fruit bowl, airline executives must recognize that supporting IT applications requires a different skill set to operate effectively. Using an ASP delivery method, valuable solutions can be implemented outside of the airline's local data center, enabling them to focus on their core business — running an airline. ■

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