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## THE JEWEL

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

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# The Jewel

■ By Stephani Hawkins | *Ascend* Editor



Saudi Arabian Airlines found its wings in 1945 when U.S. President Franklin D. Roosevelt gave a twin-engine DC-3 (Dakota) HZ-AAX to Saudi Arabia King Abdul Aziz as a gift. The single aircraft was used to carry passengers and cargo between Riyadh, Jeddah and Dhahran. Within months, two additional DC-3 Dakotas were purchased, and the new airline, thought of by many as "The Jewel Of The Middle East," began its journey to becoming one of the world's largest airlines.

Like most airlines that have been around for more than half a century, Saudia has a rich history that paved the way to long-term success. Inch by inch, year by year, the Middle East-based carrier added new aircraft, expanded its route network, grew a loyal customer base and earned a strong position in the aviation industry.

During its 66 years of service, the airline has earned more than 50 awards that speak volumes about its commitment to providing outstanding service to the traveling public. Among them are the Diamond Award for onboard services for passengers with special needs, the Emerald Award for excellent food service and the Sapphire Award for excellence in sky sales — all from *On Board Services Magazine*; British Airways Award for Performance, Quality and Service; Excellent Quality Award from Lufthansa for Best Caterer and in recognition of Excellent Service Standards; and, most recently, the Yahoo! Middle East Online Award for Best Regional Online Marketing.

Top service standards and outstanding marketing efforts merely scratch the surface. Saudia places great emphasis on keeping the Saudi Arabian economy strong and the country's residents employed.

Saudia and the Kingdom's Ministry of Higher Education reached an agreement whereby Saudia will take advantage of the Ministry's scholarship program to allocate 100 scholarships for Saudi nationals for aviation studies abroad, ending with certification and guaranteed jobs flying Saudia aircraft.

Fifty students have already begun their studies, and the other 50 will start next year. The airline has also been extremely active in pursuing opportunities whereby its own employees have been able to join a government-sponsored scholarships program (H. M. King Abdullah Scholarship Education Program) for masters and doctorate degrees in various sciences and management fields.

In October 2010, the carrier's Saudia Aerospace Engineering Industries Company signed an agreement with the Human Resource Development Fund to train 100 Saudis to work in the aviation industry. This

is nothing new to Saudia. Since 1964, the airline has played a significant role in the training and employment of Saudis.

That year, it sent 30 of its nationals to the United States to learn about maintenance of aircraft engines and to study aeronautics. During the past five decades, the carrier has sent more than 5,000 Saudis for higher studies and training.

The airline, which today operates 139 aircraft, will acquire 82 of the industry's latest aircraft from manufacturers Airbus and Boeing as part of its strategic plan to modernize its fleet. In November 2010, it signed a contract with Boeing for 22 new 777-300 ER and eight 787 Dreamliner aircraft. A month earlier, Saudia received delivery of its first of 15 ordered Airbus A321 aircraft, and it has already received most of the Airbus A320s and started to receive the A330s.

The majority of the aircraft will be used as part of a program to rationalize domestic services and increase seating capacity by 20 percent. Another initiative is currently underway for the acquisition of another large order (50 Airbus and Boeing aircraft) to be added yet to its fleet, which is becoming streamlined and aligned with the new strategy for the airline's route network.

Aligned with the airline's superior customer service standards, passengers aboard the Airbus A330s can now use mobile phones and the Internet during flight without impacting the aircraft's systems — one of many benefits the modern fleet affords the carrier and its travelers.

A member of the Arab Air Carriers Organization, Saudi's national flag carrier serves 121 cities around the world and has codeshare agreements with several airlines, including Ethiopian Airlines, Gulf Air, Kuwait Airways, Mahan Air and South African Airways. In January, Saudia forged ahead in a codeshare agreement with Air France-KLM, making it a ripe candidate for entry into the global SkyTeam alliance.

Leading Saudia's information technology division, Chief Information Officer Muhammad Ali Albakri has been implementing an IT master plan to support its many current and upcoming initiatives and help drive the airline's bottom-line success. In a recent interview with *Ascend*, Albakri discussed some of the carrier's key strategies and attributes that make it a true jewel in the Middle East.

**Question:** In October 2010, Saudia Aerospace Engineering Industries Company, owned by parent Saudia, signed an agreement with the Human Resource Development Fund to train 100 Saudis to work in the aviation industry. How are these

specific trainees selected, and what impact do these efforts have on employment rates and the overall economy in the region?

**Answer:** As a matter of fact, Saudia has always been on top of the list in terms of training and human capital development. Throughout the years, Saudia sponsored, financed and executed numerous training programs, capitalizing on the availability of young population and a supportive government posture.

Whenever a new program is unveiled, it comes with a complete governance program whereby the entire process from advertisements to acceptance and hiring are carried out in accordance to rules and guidelines approved by top executive committees that normally include human resources, corporate training and the beneficiary divisions, and the chairmanship of the president of the airline. Saudia does not reinvent the wheel ... rather we apply internationally accepted criteria and subject candidates to evaluation and assessment programs that are well recognized in the aviation industry and the space of training/human development.

Saudia is spearheading many human development and training programs for multiple specialties and through different means such as the "Future Pioneers" program where a large number of college graduates have been selected and enrolled in a two-year intensive training/OJT program, the Pilots training program with a scholarship from the Ministry of Higher

Education, the scholarship program of H.M. King Abdullah for bachelor and higher education abroad, and the recently unveiled program to select and accept candidates to be enrolled in an 18-month training program for the benefit of front-line requirements.

All these means are in the heart of our continuing efforts to ensure that our human capitals are ready for the "changes" and capable to deliver.

**Q:** Saudia seeks to become a five-star airline. What type of service enhancements will support this objective? How will employees directly contribute to reaching this goal?

**A:** Through a strategic "change" program called the "TAKE OFF PROGRAM," there are numerous human capital development projects that focus on training, providing specific skills and hiring highly qualified people with potential to empower the massive change being pursued.

In all customer touch points, employees' roles and responsibilities are being redefined and clarified, and focused training programs are being executed to upgrade skills and equip employees with the needed competencies to provide consistent services to our customers.

This, of course, is being aided by rolling out incentive programs, potential career-development programs for top performance and a continuing recognition effort by Saudia's top executives.

**Q:** Once Saudia reaches five-star status, what steps will be taken to ensure it maintains this status or excels beyond?



Photo: Airbus

**Airbus Orders** In June, Saudia placed a firm order for four additional Airbus A330-300 aircraft in addition to the eight ordered in July 2008, bringing the total order for the type to 12.

**A:** The massive changes being introduced into the airlines are not short-term strategies but rather long-term strategic goals that are linked to a sustainable business model. Everything that is being done today is deeply rooted to build for the future. Saudia efforts to join the SkyTeam alliance and its continuing efforts to maintain its accreditation with ICAO, IOSA, ISO9000, FAA, IATA, etc., will certainly keep the “passion” going to achieve even more and not just accept the status quo.

**Q:** How do you communicate with your customers to measure Saudi’s success in terms of passenger satisfaction? How do you obtain customer feedback and input to determine areas that require improvement?

**A:** There are numerous programs that have recently been upgraded to seek customers’ feedback. For instance, customers can provide their feedback online through the onboard interactive entertainment system, a systematic program to randomly pick a number of passengers from flights and conduct a telephone interview with them. We also have website feedback and communications pages with our customers.

Moreover, recent efforts are well underway to establish a dedicated and well-equipped state-of-the-art customer services call center to be available 24x7 where customers can reach the center by phone and talk to agents who have access to all frontline systems. This allows agents to capture customers’ needs and act upon fulfillment in a timely and professional manner.

**Q:** What are some of Saudia’s strengths that set it apart from its competitors?

**A:** Saudia’s long-established history as the flag carrier and the leading airlines of the Middle East is an asset that will always play to Saudia’s benefit. Saudia’s history and long standing as the nation carrier has the required experience, maturity of services, ability to launch new programs, attachment to the very fabric of the Saudi society and the Muslim world. We understand what our travelers need whether they are business travelers, vacationers, students, religious travelers or government officials. We cater to a wide spectrum of needs and desires, and we have the depth and breadth of experience to adapt and evolve as our market base evolves.

**Q:** Saudia plans to join SkyTeam alliance. In what ways will joining a global alliance benefit your airline, its employees and its customers?

**A:** Joining SkyTeam is a win-win situation where Saudia will fill in a need for the alliance and meanwhile Saudia will benefit from expanding its reach into North America, South America, the European continent and the far east. Saudia’s new

network strategies will be augmented by the bilateral agreements with all members of the alliance and will benefit Saudia’s frequent flyer members as well as business- and first-class travelers to take advantage of a wide spectrum of benefits offered by the alliance. Sharing passengers’ lounges and facilities across the world will help Saudia offer better services at reduced costs.

**Q:** What attracts you to SkyTeam versus competitor alliances Star and oneworld?

**A:** Saudia conducted many studies before finally deciding on SkyTeam with major benefits to expand our redesigned

#### HIGHLIGHT

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network in areas where we could not cost-effectively compete with local airlines such as in Europe and North America. The alliance members will enable Saudia to strengthen its offerings in areas where we could not “consistently” offer services and will provide our travelers a wide spectrum of choices to reach final destinations. Moreover, SkyTeam has no Middle East-based carrier as a member, and that was another attractive advantage for Saudia.

**Q:** Why are partnerships with other airlines critical to the success of Saudia?

**A:** Today’s travelers have numerous needs and expectations, and providing services was the first step of offering flexible schedules and routes where our passengers can choose times, dates and connecting airports with much more flexibility and in a cohesive manner of making bookings. Joining the alliance is not a luxury or a

status issue. It is a necessity brought forward by our loyal and anticipating passengers, and Saudia’s assessment was very positive in this regard.

**Q:** To become profitable, Saudia must increase revenues, reduce costs and increase efficiency. What is your strategy behind this goal?

**A:** Saudia’s privatization program recognized that once fully privatized, the airline must increase market share, ensure growth and reduce costs to offset the government subsidies we currently enjoy.

Growth is a must to help enable Saudia pay for all these massive change programs that include spending hundreds of millions of U.S. dollars investing in new fleet, upgrading services and transforming its infrastructures and systems worldwide.

**Q:** What other steps will be taken to improve the financial status of the airline?

**A:** Saudia’s sales strategies are focused on a self-service, low-cost model of providing products and services to our passengers. All of our services that are offered through our city ticket offices and airport ticket offices are now possible through our online portals and soon through our mobile services platform; thereby, reducing the dependencies on man power and expensive traditional models.

Saudia has also introduced additional call centers/customer services through other prominent service providers in the Kingdom; thereby, offering many more services to a wider base with less capital investments.

Saudia is pursuing a consolidation program where all our major core services are being aligned and consolidated with fewer suppliers to achieve scale of economy and leverage with suppliers.

Most importantly, Saudia’s hundreds of millions of dollars of investment in new front- and back-office application systems and infrastructure were designed to introduce efficiencies and streamline processes, which has already started to positively reduce our overall costs.

Saudia is also finalizing a complete ancillary services programs that will help generate more revenue.

**Q:** As part of its efforts to modernize its fleet, Saudia signed a major deal to purchase 82 Airbus and Boeing planes — including 15 Airbus 321s. In what ways will a more modern fleet help the airline return to profitability?

**A:** A new fleet means less maintenance and thus less cost, less schedule disruption by technical problems and more opportunity to offer new products and services to our growing customer base. Having the new fleet has also allowed us to redesign our routes and schedules with more frequent non-stop flights to more destinations than



Photo: Boeing

**Eight Dreamliners** As part of its strategic plan to modernize its fleet, Saudia has signed a contract with Boeing for eight 787 Dreamliner aircraft.

ever before. The new fleet will also help reduce our fuel-burn rate; thereby, positively contributing to the environmental factors and reducing our overall operational costs.

**Q:** What role does technology play in the overall success of your airline?

**A:** The upgrade of Saudia's infrastructure and applications is considered one of three major pillars for the redefinition of Saudia. The other two are the new fleet and the restructure of the airline.

With new flexible systems, Saudia can swiftly introduce competitive programs and services with much less complications. Joining SkyTeam wouldn't have been possible prior to upgrading our systems and integration platforms. With technology, commercial products and services can be rolled out rapidly with a very short time to market and less investments.

Moreover, advanced and modernized technologies bring business enablement and allow IT to align itself with business strategies with strong focus on the top line to enable growth and facilitate the needed efficiencies to increase the bottom line by reducing costs and introducing solutions in a speedy manner.

**Q:** Saudia will implement an information technology master plan and make maximum use of its new IT systems to optimize its operation. What was involved in putting together the IT master plan?

**What steps will be taken to ensure maximum use of the new systems?**

**A:** The IT master plan was developed in conjunction with the other strategic initiatives mentioned previously (new fleet, privatizing non-core business units and the restructure of the airline). The plan is sponsored and supported by the airline's president and has a complete governance program that has ensured continuing management engagement and business sponsors involvement.

The newly acquired and upgraded infrastructure and applications systems are considered to be second to none and have paved the way to implement a large number of the new business strategies and vision. The implemented systems are not considered mere technology upgrades but rather considered as a means to instill best industry practices and processes. Such systems are now providing advanced ways of communicating internally, sharing information from the front line across the enterprise and enabling decision makers to have the right information when needed. The ability of airlines to react to market changes and customers' needs are now possible with less complications and much reduced time and investment in system development and/or changes.

We have continuing efforts based on business process management where the new platforms are providing a rare

opportunity for business owners to reconsider their business processes and redesign their procedures to ensure simplicity and alignment. We in information technology have institutionalized a program whereby these new platforms are continuously going under assessment to ensure leveraging their true values and to ensure that we deliver optimal business values. Efforts will continue to be exerted to make certain that all new capabilities are actually applied to support the goals and objectives of the airline toward improved customer services, achieving growth and reducing costs.

**Q:** What changes will be made to your core IT processes and IT organization to support your technology strategy?

**A:** The transformation brought forward by the IT master plan actually included two other aspects. One was the reorganization of the IT division, and the second was development and deployment of a new IT process framework and governance model.

We have successfully finalized the reorganization of IT whereby the new setup allows IT to provide its services and products as a shared IT service provider. The organization is a stepping stone for Saudia to spinoff IT to become a totally independent unit under the Saudia holdings whereby services will be provided not only for the Saudia group but also for external clients as well. IT is considered as "core" business to all the business units but has been setup to eliminate redundancies and replication; thereby, IT has truly become a major shared service provider across the enterprise.

The new IT process model and governance program have been established to regulate and streamline the relationship between the business units and IT along the lines of demand and supply management that ensures specialization and clear roles and responsibilities among business and IT groups.

**Q:** Where do you see Saudia in five years?

**A:** Saudia, through its aggressive service improvement programs, customer-centric products, fleet modernization investments, upgrades of its facilities, infrastructure and application system (along with a completely redesigned network and joining the alliance), will most defiantly regain its rightful status as the leading airline in the Middle East.

Our unique geographical location and being the center of the holy mosques along with the huge investments in IT, airport and tourism infrastructure in the country and the region are all factors that are considered strong reasons for Saudia to be the one and only service-oriented, customer-centric, multi-products airline. ■