

Pricing and Revenue Management Consulting



Increasing revenue through improved processes

smart solutions

Pricing and Revenue Management consulting services help airlines maximize revenue by introducing proven pricing and revenue management industry best practices. Our consultants work alongside your staff to implement these policies and practices to ensure that each flight and route delivers the highest profit margin possible.

proven expertise

Our pricing and revenue management techniques have been successfully implemented at airlines of all sizes, with results realized quickly — often before the engagement is completed.

Our consultants have performed pricing and revenue management business audits and introduced best practices at dozens of airlines. Because of these experiences, our subject-matter experts are able to quickly identify obstacles to overall performance and employee productivity and recommend quick hit solutions a carrier can easily implement.

The transfer of critical knowledge and expertise from our consultants to your staff not only addresses today's challenges, but also better equips your staff to resolve the challenges of tomorrow.

How an airline adjusts to today's highly competitive market often means the difference between success and failure. Our consulting team helps airlines gain the insight, knowledge and processes needed to successfully respond to change.

bankable results

Airlines that have engaged our consultants have experienced revenue increases of up to 8% through better pricing practices and revenue management techniques.

Consulting benefits

Our Pricing and Revenue Management consulting services are uniquely designed to provide your airline with numerous benefits, including:

Improved revenue performance

Our revenue management practices have been tested at more than 30 airlines, improving overall revenue performance for some of the world's most respected carriers. Our consulting team helps you improve your revenue by analyzing and addressing the competitive environment while optimizing your price position.

Increased productivity

Our four-step approach helps improve airline productivity:

Review By reviewing your organizational structure and current practices and policies, our experienced consultants help ensure that your corporate goals and objectives are consistently supported across your organization.

Align To help align your organization, our consultants review your airline's work patterns to determine how well pricing and revenue management practices are coordinated with other critical airline functions, such as scheduling, sales, distribution planning, reservations and airport management.

Define Our team also helps your airline define short-term and long-term action plans for improving revenue through process changes, new technology, education, communication and operational efficiencies.

Measure Developing and implementing key performance indicators also improves productivity by providing a means to effectively measure analyst and department performance. These measures help ensure that your analysts are making the optimal decisions for flight departures on each route — achieving optimal profitability.

Most of our clients begin seeing measurable results during the consulting engagement.

Service offerings

Our consulting team offers these services:

Business audits

A comprehensive business audit, which typically spans four to six weeks, provides a thorough review of your current business practices, including processes and procedures, roles and responsibilities, organization design, and overall operating environment effectiveness.

The assessment results are benchmarked against industry best practices, and a gap analysis is performed and presented. The delivered business audit document highlights quick hits — minor changes that quickly increase revenue — and lists recommendations your airline can implement to improve your pricing practices and revenue management. The business audit focuses on key areas as depicted in *Figure 1* below.

Management consulting

Our consulting team can develop targeted business solutions in order to improve your carrier's pricing and revenue management practices. Working with your team to fully understand your carrier's business environment and to uncover issues, our subject-

matter experts develop an improvement plan that meets your needs, and then execute and measure that solution.

Pricing and Revenue Management engagements may be as simple as implementing key performance indicators or as complex as conducting a fare class realignment exercise or implementing a new pricing matrix. Milestones and results are reported to management throughout the engagement — ensuring support from all levels of the organization.

Business process reengineering

Often, carriers do not reach operational efficiencies even though new, more robust technology is implemented at the airline. In such cases, the current business processes are likely the reason the airline is not realizing the full benefits from its technology investment.

This oversight requires a full business process review — technology can only enhance the business if the processes in place are aligned to best utilize it. Our consulting team can help you implement pricing and revenue management practices to ensure that all key departments are aligned and prepared to manage the new processes and systems, allowing you to get the most out of your new technology from Day One.

Experience Counts

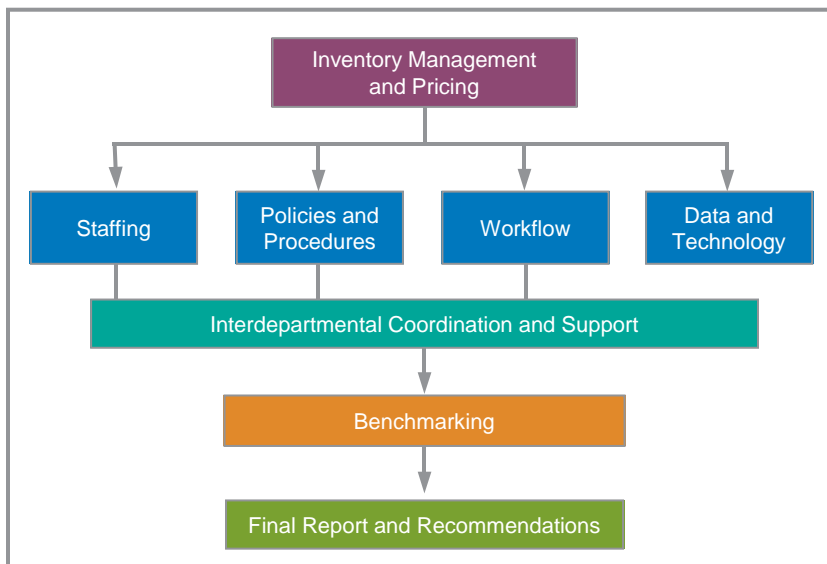
Our customers consistently rate our consulting group as *better* when compared to other management consulting firms.

Using best-practice techniques designed to address organizational challenges regardless of size or business model, our consultants provide results-oriented solutions ranging from carefully crafted strategic alternatives to improving commercial or operational results.

To assist you in maximizing your airline's potential, our international consulting team offers:

- More than 400 years of combined airline experience,
- 200 years of consulting experience,
- Fluency in 11 languages,
- Consultants based worldwide.

Figure 1 Our comprehensive business audit focuses on these major areas.



Engagement Services

Consulting engagements may include:

Pricing Consulting

- Recommending international and domestic pricing structure.
- Realigning fare class with point-of-sale controls.
- Introducing key performance indicators, reports and measures.
- Implementing proactive and reactive pricing procedures.
- Improving group and block space procedures.
- Developing market specific price elasticity analysis model.
- Implementing pricing help desk best practices.

Revenue Management Consulting

- Assessing current revenue management practices, including overbooking, group controls, space controls and discount allocations,
- Improving cross-department communications and business practices,
- Implementing inventory control seasonality model,
- Developing procedures to protect high-yield passengers and avoid dilution,
- Improving business cabin overbooking procedures,
- Improving denied boarding procedures,
- Implementing revenue management and inventory controls best practices.

Besides technology updates, our consultants have also found that as new industry factors are introduced (alliances, low-cost carriers), your pricing and revenue management departmental processes need to be reviewed and updated to address these trends. Our consultants will review your current processes and help you implement pricing and revenue management policies and procedures that match industry and market trends, as well as your current personnel and systems.

Build, Operate and Transfer model

Many small and mid-size carriers that purchase *Sabre® AirMax™ Revenue Manager* do not have the time or resources to create a department and build their knowledge and experience. To assist these airlines, the consulting team works with the carrier to implement a *Revenue Manager* system that meets your carrier's specifications.

Build, Operate and Transfer Model

The Build, Operate and Transfer model leverages Sabre Airline Solutions' extensive knowledge of decision-support tools and application delivery methods so you can quickly realize the benefits of a fully functioning revenue management staff.

Following this model, our team —

Build

- Implements the system,

Operate

- Performs daily revenue management functions using the system,

Transfer

- Trains and transfers knowledge to your staff.

Business Case — Capturing maximum revenue

The challenge

Managers at a mid-size Latin America carrier were concerned that their pricing and revenue management department was not achieving full business results. While the carrier did not have direct measures in place to assess the department's performance, several indirect items indicated that full revenue potential was not being realized.

Smart solutions

By conducting staff interviews in the pricing, revenue management, sales, customer service and other commercial areas, our consultants identified these issues:

- Lack of pricing and revenue management key performance indicators,

- Ineffective business processes,
- Significant lack of compliance to revenue management controls and policies.

The consulting team implemented pricing and revenue management key-performance indicators, trained staff on the use and interpretation of these new measures, and introduced business processes that aligned with the measures. The consultants also conducted workshops to integrate revenue management objectives with those of other commercial areas.

To address compliance issues, scorecards were developed and implemented to monitor and take action on any revenue management compliance issue.

Bankable results

The carrier's cost of compliance was estimated to be 1.6% of its total passenger revenue — USD\$16.6M. Of this cost, USD\$4.4M was directly attributed to ineffective business processes within revenue management alone. The consulting team's new compliance processes and procedures will recoup much of these costs — positively impacting the carrier's bottom-line profits.

Also, by attaining a more cooperative work environment within the commercial functions, the integration of common commercial objectives was achieved — positively impacting the pricing and revenue management department's ability to meet revenue targets.



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www.sabreairlinesolutions.com

Our customers consistently rate us better than other well-established management consulting firms.

Once *Revenue Manager* goes live, the consulting team uses the system to effectively manage your pricing and revenue management needs.

Working with your team, our subject-matter experts transfer skills and knowledge to your *Revenue Manager* users and pricing and revenue management team. With this approach, a carrier gains immediate benefits from *Revenue Manager*, while the users receive training on the product and best practices, enabling them to successfully perform their responsibilities when the consulting engagement is completed.

Maximize Your Airline's Potential – with Pricing and Revenue Management consulting services

Our consulting team offers a full range of consulting services for airlines of all sizes.

By leveraging our pacesetter software products, technology and data, our experienced industry professionals provide quantitative support for fact-based decision making.

They deliver deep industry knowledge and proven practices to help you reach your performance goals.

Our consultants have worked for airlines and airports in professional and executive capacities — they understand the dynamics of your business and their implications on strategic decisions.

Secondment

An additional way for small and mid-size carriers to quickly capitalize on their revenue management investment is to hire a consultant to operate the revenue management department.

By focusing on organization, business processes and procedures, performance measurement and mentorship of your staff, our consultant can structure and manage an efficient revenue management department at your airline.

Our unique expertise

Sabre Airline Solutions, a Sabre Holdings company, is the world's proven leader of software products for the airline industry, offering passenger management solutions and consulting services for airlines to simplify their operations and lower costs.

More than 100 airline industry clients around the world have turned to the Sabre Airline Solutions consulting group for strategic, commercial and operational consulting.