

T2RL'S First View is our rapid analysis of breaking news. It helps provide perspective, putting the facts in the context of our wider and deeper knowledge of the market.

Mission Accomplished – with Time to Spare

T2R Staff

The Facts

Air India cut over to the SITA Horizon Passenger Services System on February 27 2011. As foreseen in FirstView "SITA Continues to Advance in Tier 2" published on 10 March 2010 the project was completed in well under a year.

The Analysis

Despite a last minute delay to allow the airline to catch up with the breathtaking speed of the IT implementation, SITA cut Air India over to its PSS after a 293 day project. By any standards this is a rapid time scale for the complete replacement of commercial systems at a substantial airline.

This plain statement of fact obscures the sheer size of the achievement that SITA has made over the last year. Air India in its present form represents the merger of two former state-owned airlines, Air India and Indian Airlines, that had not previously been noted for their easy relationship. Among the many challenges that the project faced were:

- Both airlines were Indian government-owned and hence subject to a level of bureaucracy almost unknown anywhere else in the world.
- The two airlines' head offices and computer centres were 1400 kilometres apart in Mumbai and Delhi respectively
- The two airlines both ran in-house mainframe PSS but on completely incompatible platforms
- The new airline had a desperate need to establish a competent e-commerce platform in order to compete with the private airlines that have grown from nowhere to over 80% of the Indian market in little over a decade
- Air India had committed to joining the Star Alliance, whose entry requirements were unachievable with the two existing PSSs

The successful cutover involved the migration of half a million PNRs, some in Unisys format and some in IBM's IPARS format. It required the reconfiguration of the former Indian Airlines network away from IBM communications protocols and it required the training of a substantial proportion of the airline's 31,000 staff.

Despite this clear success there is still scepticism within India as to the long-term viability of Air India. The Hindustan Times opened its account of the migration on March 29th:

"In yet another attempt towards making the struggling national carrier Air India profitable, the company is upgrading its information technology platform with the help of European air transport IT provider SITA's passenger service systems."

The Indian market place is dynamic and the private air carriers have been making all the running in recent years. Air India is burdened with very high levels of staffing (around three times as high as private rival Jet Airways) and stifling government interference. It may not

survive in the long term but if it is to do so it must modernise all aspects of its operation. At least now it has the benefit of a modern PSS, which is one small step in the right direction.

The Speculation

Leaving aside the bigger questions around the future of Air India this represents another success for SITA's strategy of pursuing tier two national airlines. Following Malaysia Airlines' migration to the full PSS solution SITA now has two of these carriers in the bag with good prospects for more to come.

It is quite hard to imagine any other PSS vendor being able to take on the challenges in India and Malaysia in the way that SITA has done. The level of resource necessary to turn around the systems provision at these long-established airlines is substantial. Probably only SITA, Sabre, Amadeus and Hewlett-Packard would even be able to attempt the task. Of those four SITA is definitely the one with a track record of cultural empathy coupled with a wide geographical spread of resource.

Based on recent achievements SITA's target list must surely now extend to all tier two airlines that still have an in-house PSS. At the time of writing these are:

Alitalia	Italy
Cathay Pacific	Hong Kong
Korean Air Lines	Korea
Thai Airways International	Thailand
Singapore Airlines	Singapore
Turkish Airlines	Turkey
Asiana Airlines	Korea
Air New Zealand	New Zealand
China Airlines	Taiwan
Garuda Indonesia	Indonesia
Aer Lingus	Ireland

Some of these airlines like Cathay Pacific and Singapore have already contracted to move to Amadeus and Alitalia is very likely to throw in its lot with one or more of its SkyTeam partners. However SITA must be looking at the other airlines in the list to find the two or three further tier two airlines that its ambitious PSS strategy demands it secures over the next year or two.