



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.

Airline CIOs Top 5 for 2014

T2RL Staff

The Sample

T2RL's team conducted some forty interviews with airline CIOs and executives from October through to early December 2013.

T2RL have summarised the results of the interviews and added some perspectives on what this means for the key vendors in 2014.

The Results

1. No NDC

It was no surprise that the CIOs are focussing on supporting their airline's key business initiatives. However, few CIOs talked about the IATA initiatives for new distribution capability (NDC). Only one of those interviewed had planned for a pilot project in 2014 budgets. NDC is simply not a priority for most. We believe this makes sense. T2RL see NDC as a higher priority for those traditional airlines with significant travel agency distribution, weak e-commerce solutions and fast growing LCC market penetration. Few airlines interviewed fitted this profile.

Customer service and experience remain high on the business agenda but cost control and capital expenditure restrictions remain in place as airline management teams remain cautious about economic recovery.

Many CIOs talked of the potential opportunities from ancillary revenues and the need to support the business in their search for additional revenues.

2. IT Cost Management and Investment

It is clear there is still no open season on expenditure. Pressure remains on CIOs for cost control and only a few budgets were growing faster than inflation. Most talked of working closer with their key suppliers to deliver on business requirements.

T2RL's take is that the key vendors will be asked to increase spending on R&D on behalf of their customers. The CIOs are aware the vendors will expect a return on this spending so economies of scale and shared cost will be important especially for alliance participation and tighter business partner integration for seamless customer servicing.

3. Searching Solutions for Disruption Management

Whilst regulations in the US and EU require passengers to be compensated for flight delays and cancellations most recognised that this is a small portion of the total cost of disruption. All CIOs were faced with ever more complex re-accommodation and schedule adjustments

following irregular operations. With higher load factors capacity is limited making re-accommodation harder to execute at the airport and even in operational control centres (OCC) or airport control centres (ACC) making fully automated solutions necessary for both passenger protection and rescheduling.

T2RL's view is that this requirement will provide significant opportunities in 2014 for the PSS vendors like Amadeus and Sabre to upgrade existing customers. Specialist solution providers such as those offered by HP will also benefit.

4. Data Management and Dashboards

Almost all CIOs indicated there will be further investment in improving dashboards and data warehousing for improved visibility, analysis and speed of access to information for decision makers.

Most complained that the term "Big Data" was overused and associated with "big prices". Smaller projects built on a business single domain were considered as delivering better returns for management and combining domains delivered results in a second step. Some could see the opportunity for enterprise data aggregation with open source technologies.

Many could see the opportunity to link customer profiles with revenue management to improve the customer offer, but few could articulate how this would be implemented with their current systems and solutions.

T2RL believe this is an opportunity for vendors like PROS and Sabre, but also smaller vendors such as Dublin based Planitas and UK specialist Anari. HP, Oracle and IBM will chase this business in 2014 but are likely to focus on the larger airlines.

5. Mobilising the Workforce

All understood that the proliferation of consumer technology and devices brought both challenges and opportunities. Many CIOs were working to roll-out some form of project related to a mobile workforce. Electronic flight bags, crew tablets and airport hand-helds were on the list for those that had not already implemented or working with proof of concept studies.

Vendors such as HP and SITA with their partner Orange Business Services will see this as an opportunity to provide smart devices with integrated management services for monthly subscriptions.