



Specialists in air transport communications and IT solutions

The Airline IT Trends Survey 2008

(A survey of airline groups to increase understanding of IT trends)

INNOVACIÓN Y TECNOLOGÍA EN EL SECTOR TRANSPORTE

MADRID 17th JUNE 2009

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AIRLINE BUSINESS



Specialists in air transport communications and IT solutions



Why SITA and “The Airlines”

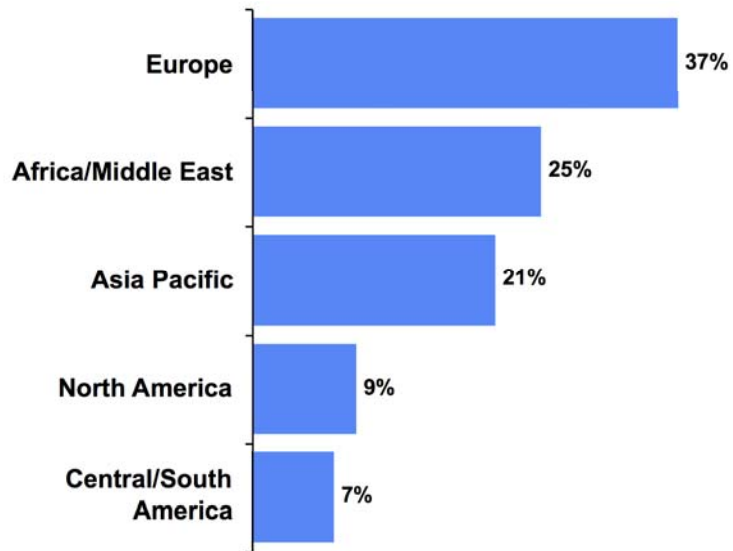
- SITA is the world leader of communications and IT services to the airline sector
- SITA is owned by 570 airlines, airports, and Gds's at worldwide level
- SITA it is a strong collaborator of IATA, ACI (airport council international) and all main technological organisations on the sector
- SITA and the airlines have been working together for over 60 years (in Spain from 1951)
- SITA is performing the IT airline survey from 2003 and the airport IT survey from 2006 with “Airline Business” magazine

Region & Airline Type

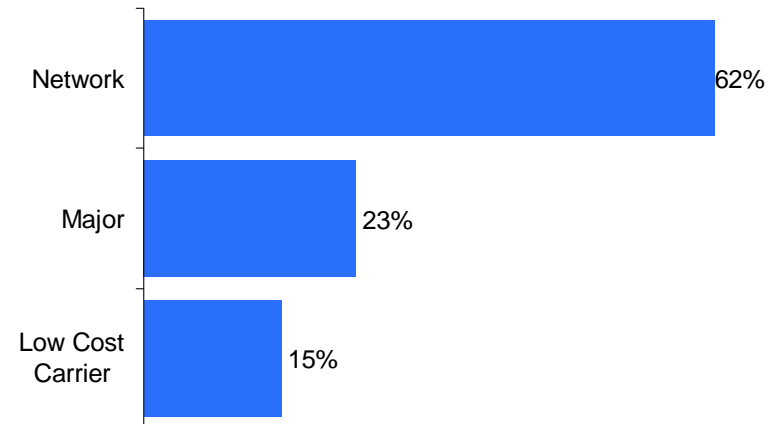
(Base: All respondents - unweighted)



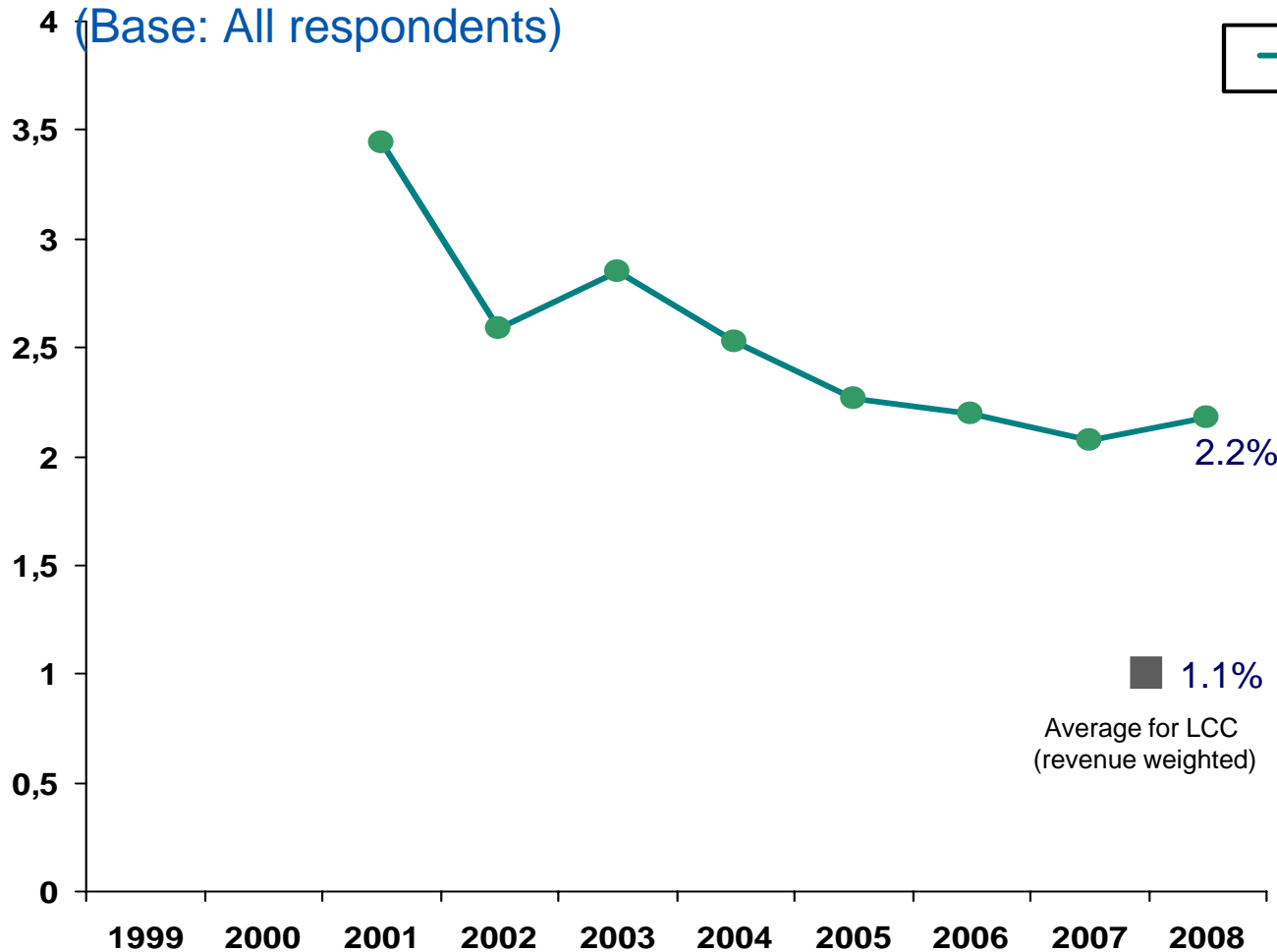
Regions



Airline Type



IT investment as a percentage of revenues



Trends in IT Spend:
 69 % increase in 2008
 47 % increase in 2009

Division of spend (revenue weighted)
 Capital: 31%
 Operational: 69%

Budget usage (revenue weighted):
 Ongoing Maintenance: 62%
 New initiatives: 38%

Priorities in the IT investment decision

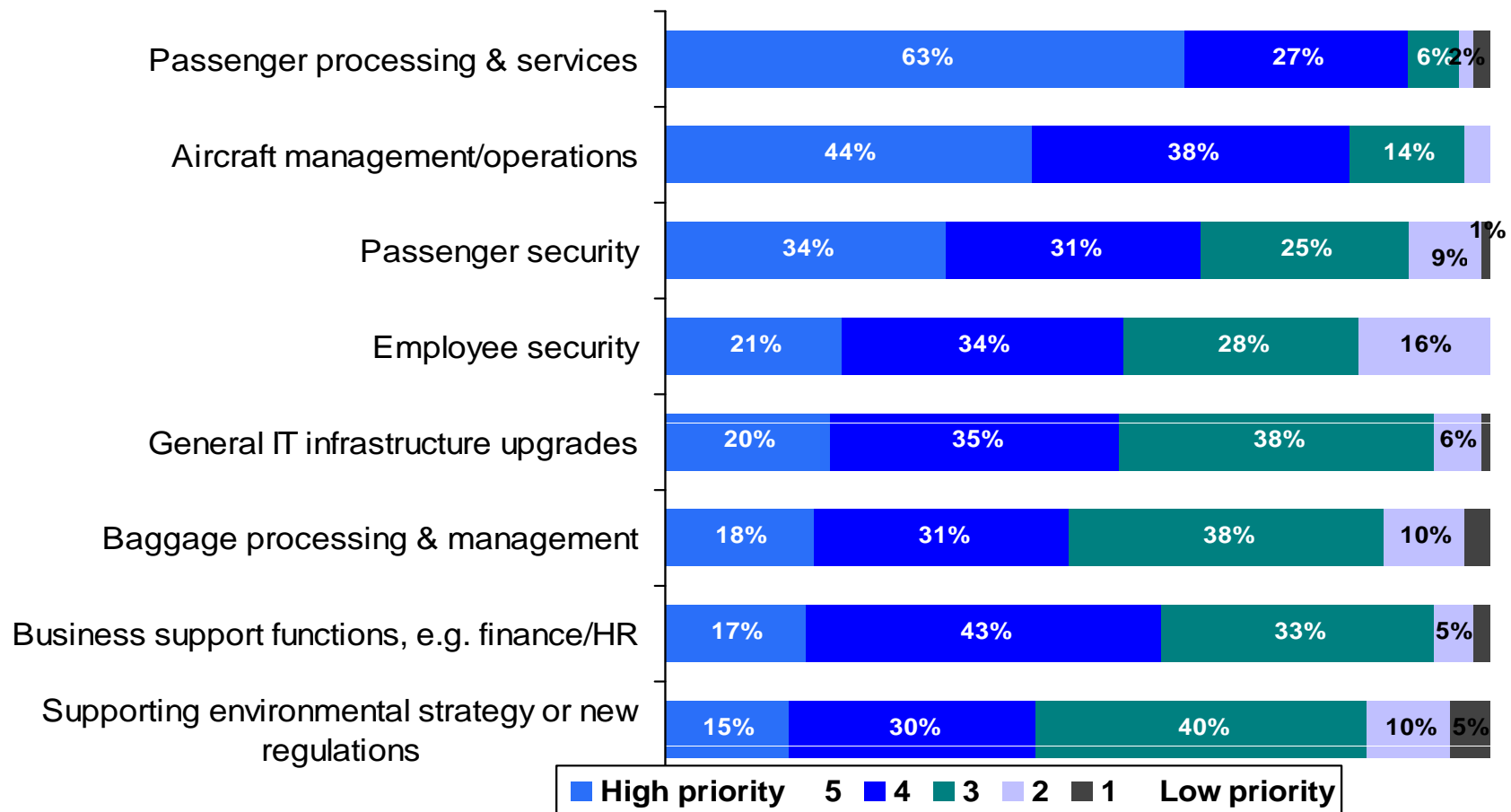
Investment Areas

(Base: All respondents answering - unweighted)



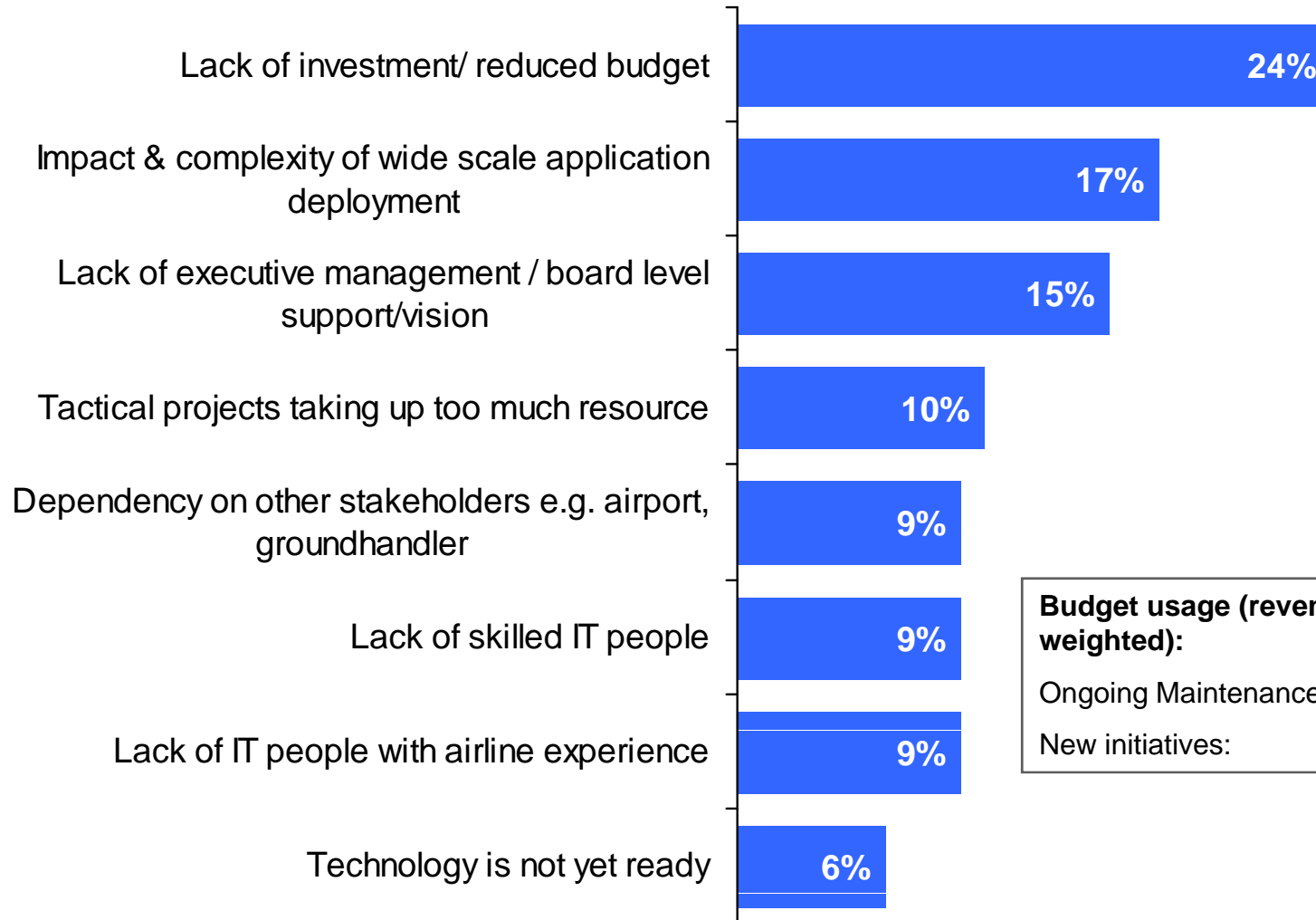
Investment Drivers - Top Priorities:

1. Reducing Cost: **62%**
2. Improving customer service: **54%**
3. New offerings: **45%**
4. Workforce: **40%**



Main obstacle in achieving IT strategy

(Base: All respondents- unweighted)

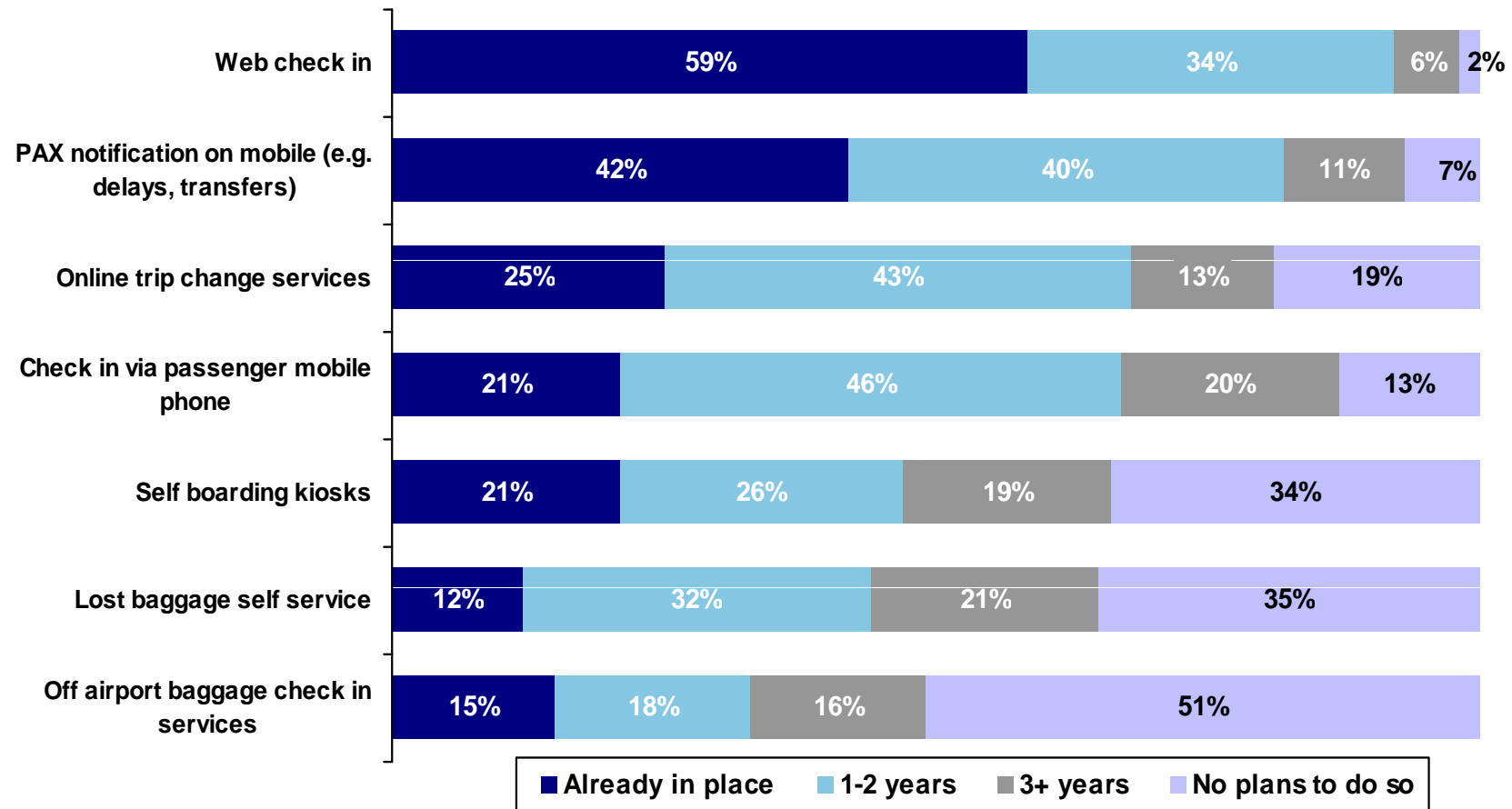


Budget usage (revenue weighted):	
Ongoing Maintenance:	62%
New initiatives:	38%

When do you expect to implement the following initiatives? (Base: All respondents answering - unweighted)



Overall strategy for kiosks:
67 % of airlines plan to increase no's of kiosks for check-in **18 %** will introduce kiosks with new usage (e.g. boarding)

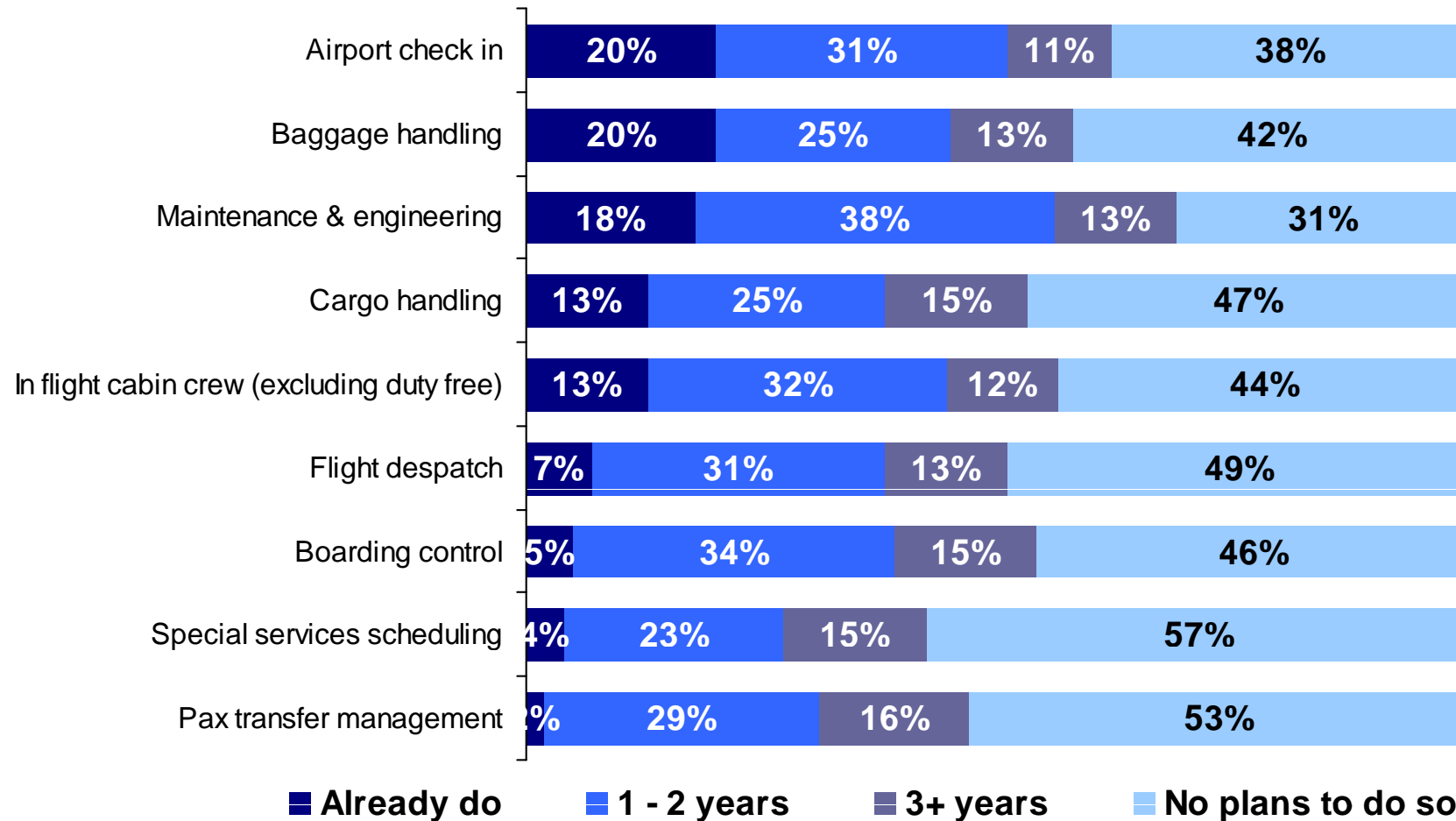


Mobile/On the move connectivity



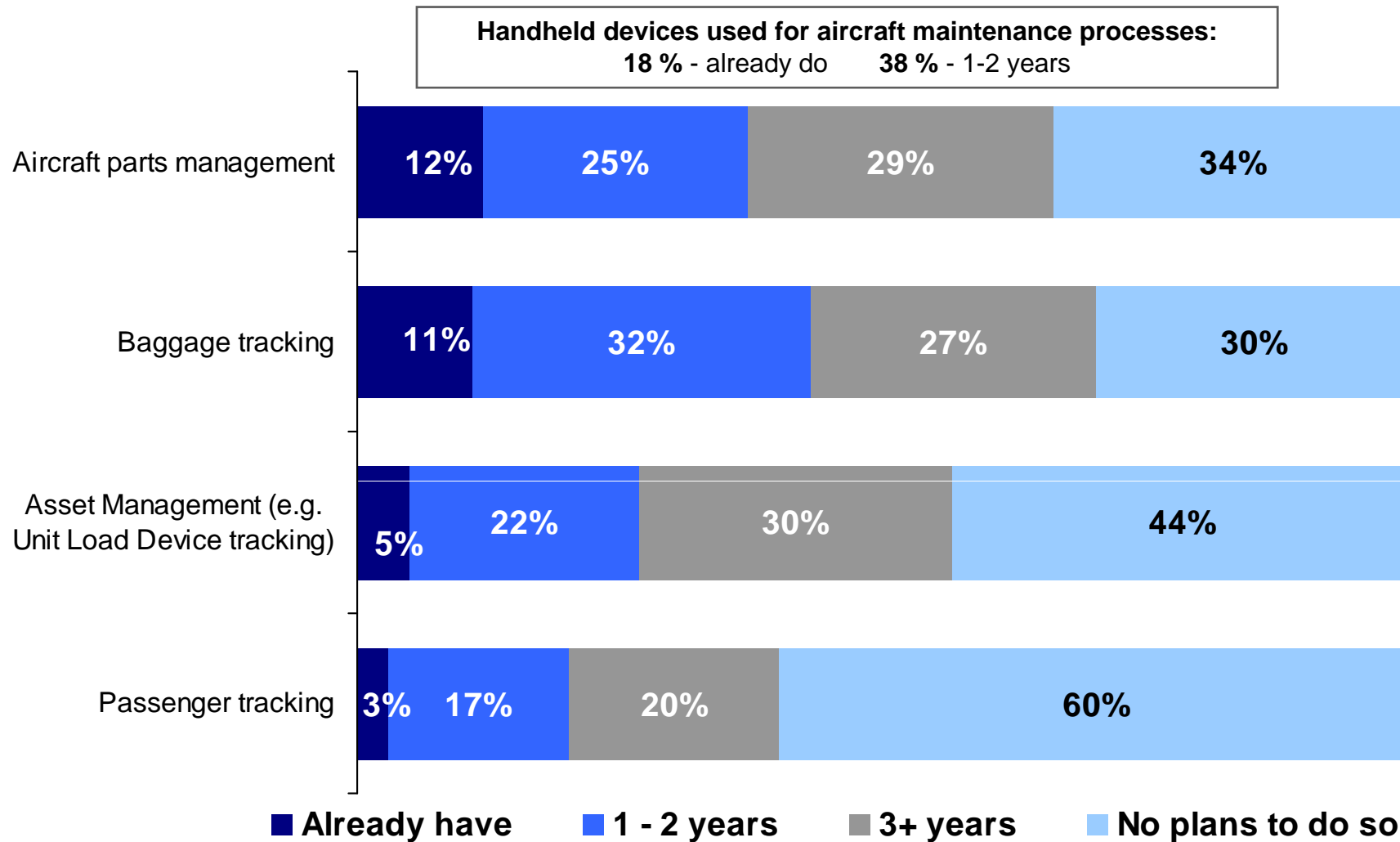
Adoption of digital handheld devices (supporting data and voice) for the following airline processes

(Base: All respondents - unweighted)



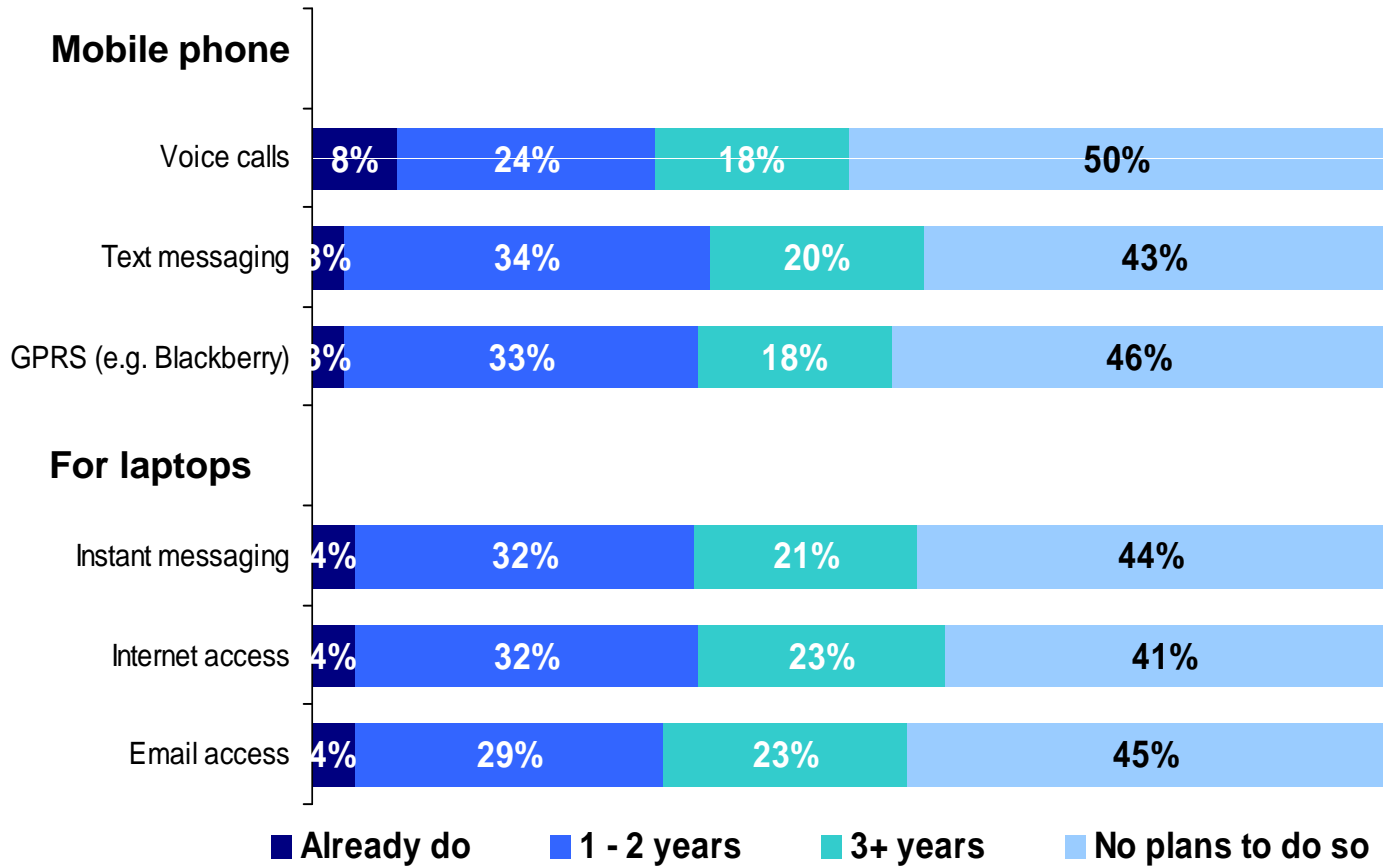
Plans for adoption of auto identification technologies (i.e. RFID)

(Base: All respondents answering - unweighted)



Plans to provide services to passengers on board aircraft

(Base: All respondents answering - unweighted)

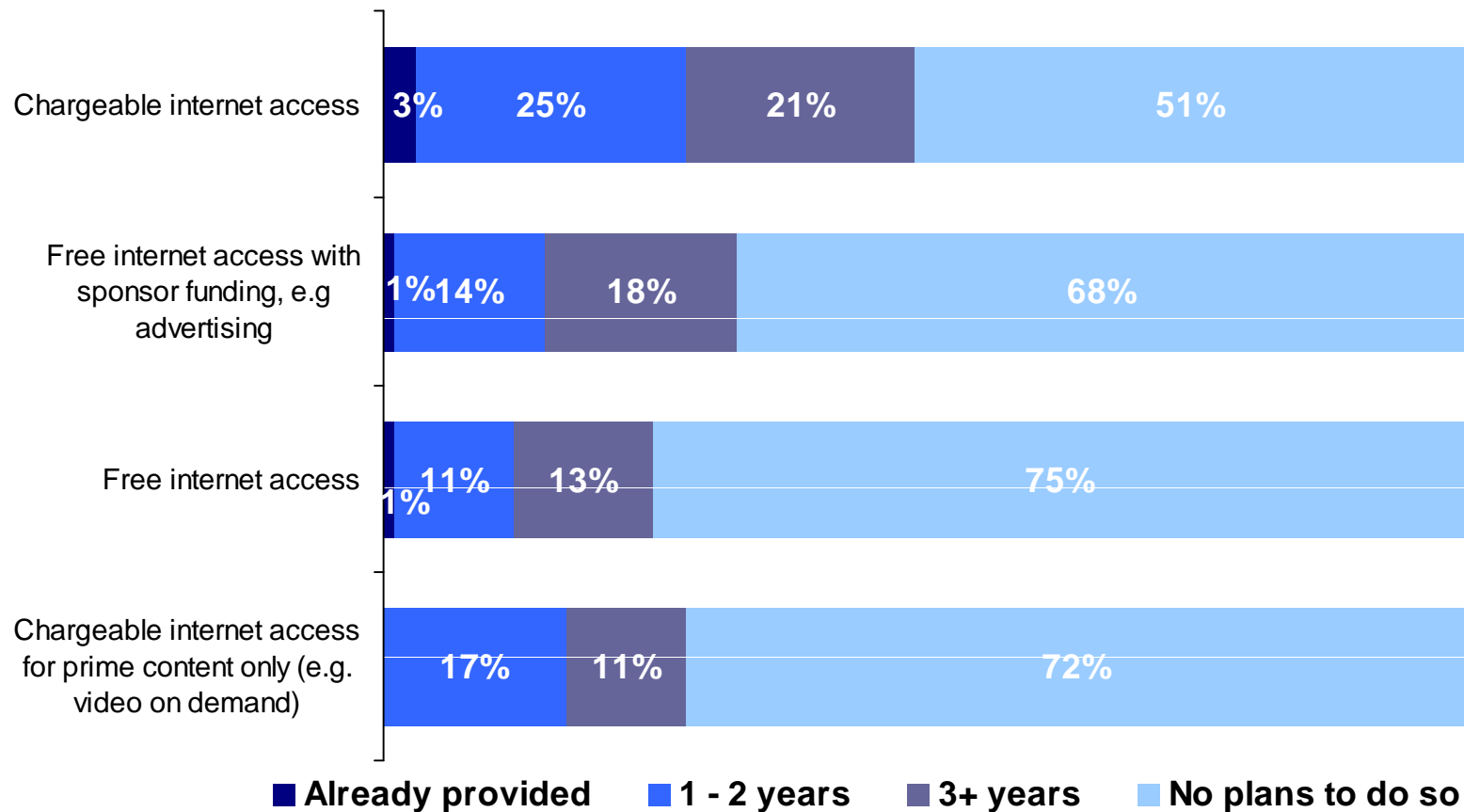


Airlines consider these services when on-board connectivity is available:

- 43%** Will consider "in-flight connectivity to support staff processes e.g. crew, catering etc."
- 40%** Will consider "retail marketing on mobile phones"
- 82%** Passenger Notification Services via mobiles for transfers, delays

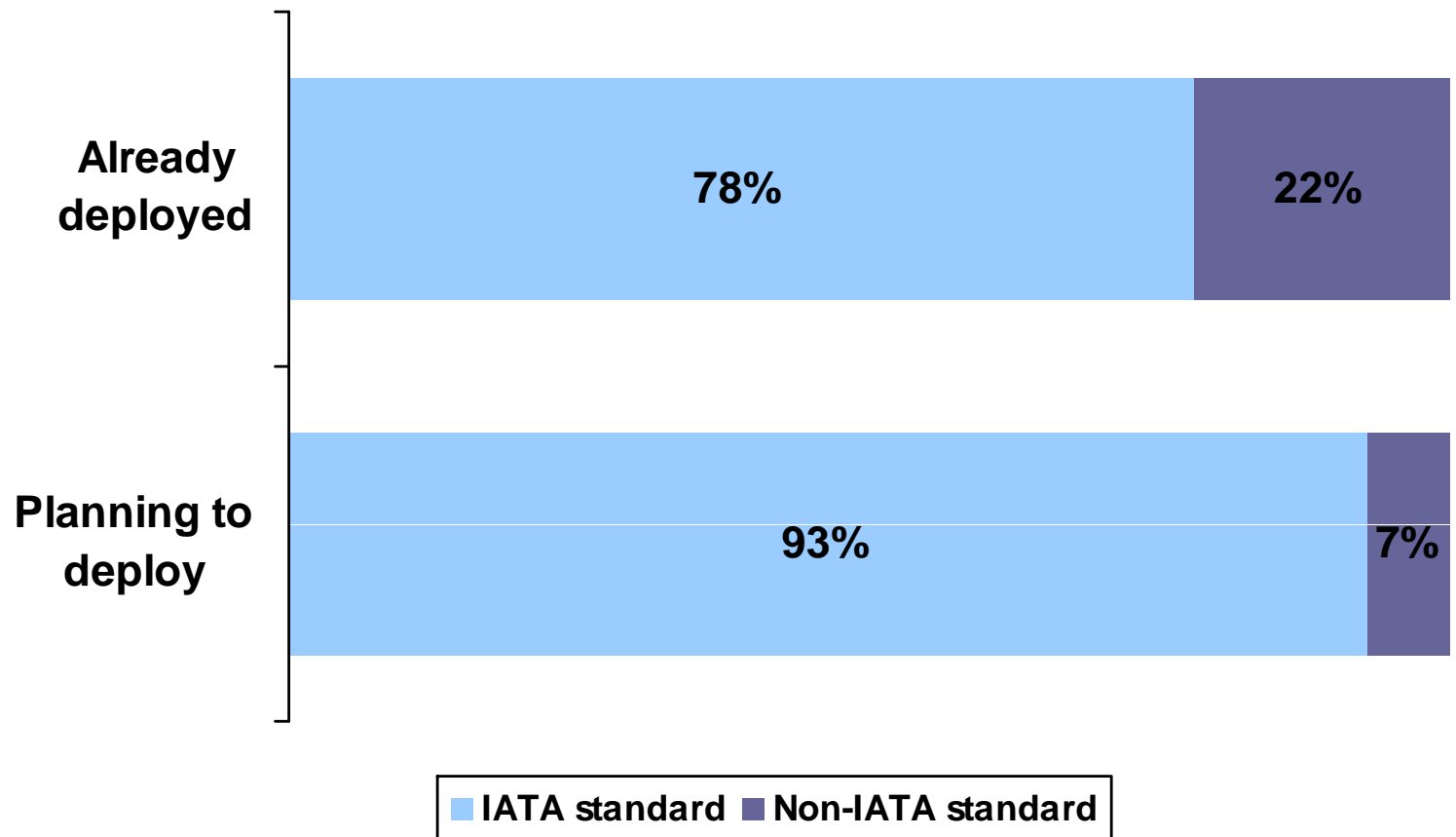
Strategy for on board passenger communication services

(Base: All respondents answering - unweighted)



Adoption of bar coded boarding pass technology

(Base: Those planning to deploy - unweighted)



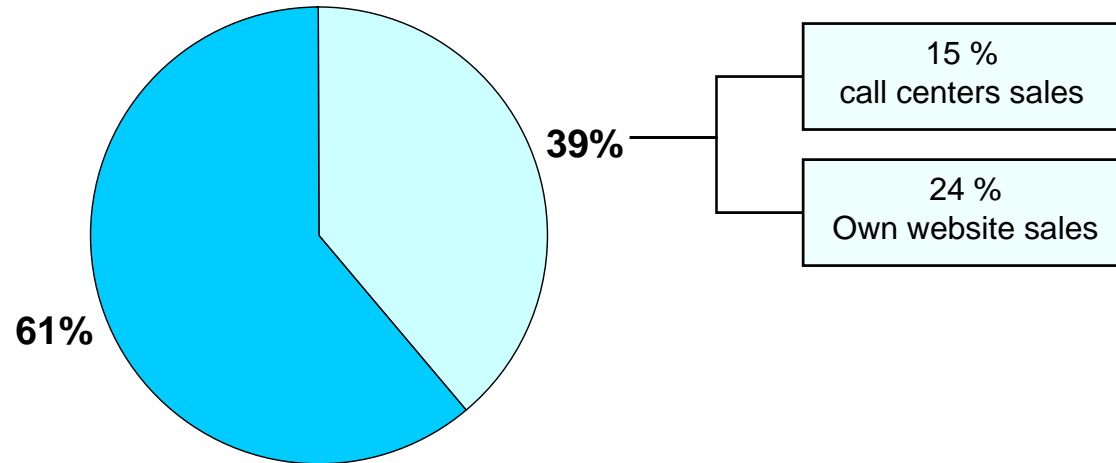
Travel Distribution



Ticket Sales

Total ticket sales online

(Base: Those answering - passenger weighted)



	Own airline website	All online channels	Call centres
None	1%	1%	1%
2% or less	13%	12%	4%
2% - 10%	23%	16%	40%
11% - 20%	12%	10%	17%
21% - 30%	9%	9%	6%
31% - 40%	21%	12%	5%
41% - 50%	4%	5%	6%
51+%	8%	13%	1%
Average 2008	24.0%	26.4%	15.5%

Most important business issue associated with online travel sales

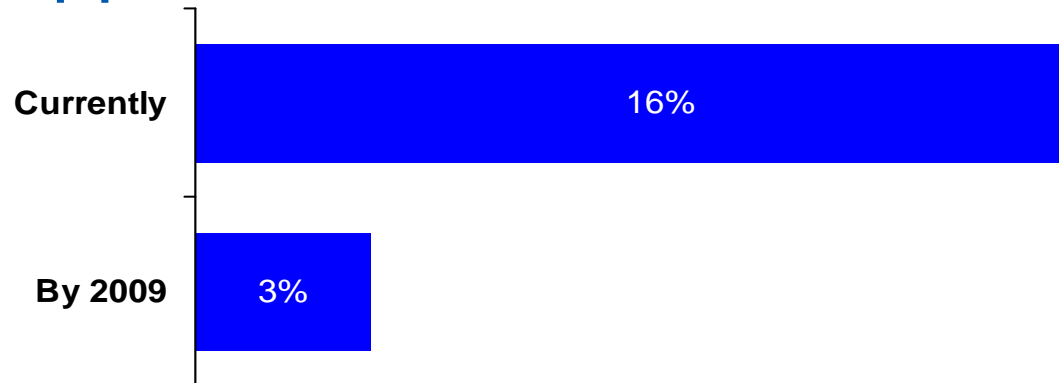
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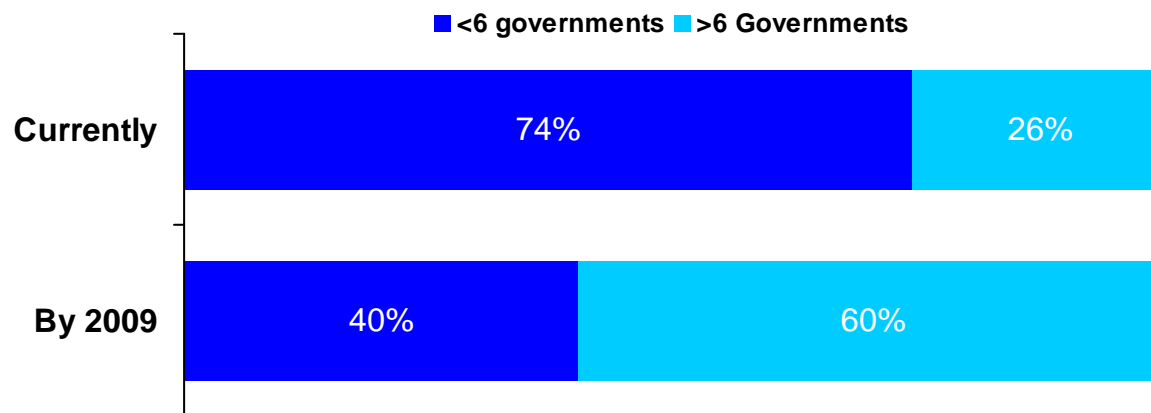
Security



Number of APIS/PNR data not supplied to Governments



Base: All respondents answering - unweighted



Base: those who provide or plan to provide data

Where provided, data is managed:

In-house	55%
Outsourced	43%

Base: those who provide or plan to provide data

Key Findings Summary



IT Management/Strategy

- While airlines IT budget went through a positive period in recent years, indications are that the coming years may see a tightening of budgets.
- IT's top investment drivers lie in reducing cost and improving customer service. The airline process areas that are most likely to see these investments are: passenger processing & services (63%), aircraft management/operations (44%), Passenger Security (34%).

Self-Services

- Top initiatives for self-service are web check in, mobile phone self-service (e.g. passenger notification, check-in) and online trip change services.
- The proportion of passengers using self service kiosks to check in will grow steadily; currently 32% (29% in 2007), 39% are anticipated to do so by the end of 2009
- Check-in via mobile phone will become a real alternative by 2009, with approx. 6% of passenger using this option to check-in.
- Self-service will become the prime path for passengers to check-in. The number of passenger using the traditional desk check-in will reduce from currently 64 % to only 38 % in 2009, while passenger using some form of self-service check-in will double.

Key Findings Summary



Mobility/On the move connectivity

- The use of handheld devices to support specific airline processes is becoming more popular in the future. Many airlines will consider adoption in the next 1-3+ for many process areas. Among the most popular are maintenance & engineering, boarding control, baggage/cargo handling, In-flight cabin crew.
- Adoption of mobile phone and Internet usage on board an aircraft will go mainstream in 1-2 years from now, with the majority of airlines stating plans to implement a solution within this timeframe.
- Airlines also consider additional “value-added” services for mobile phones such as: Supporting staff processes, mobile marketing, passenger notification services

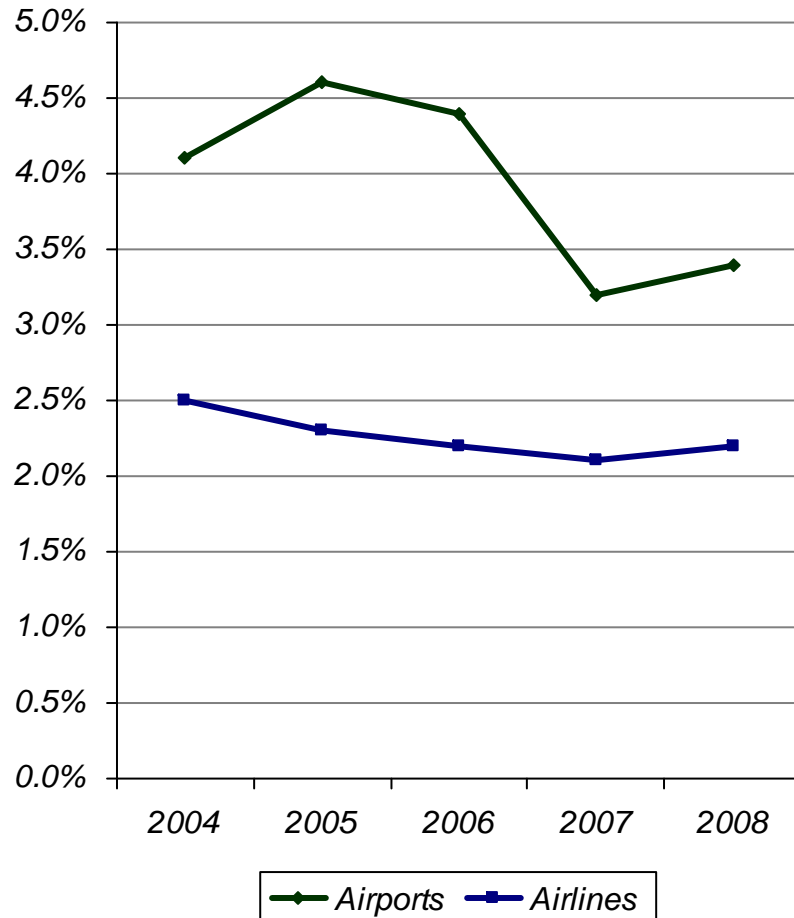
Travel Distribution /Others

- 91% of airlines are currently using their own website to sell seats. Of their total online sales, a quarter are through their own website (24%), 16% via call centres and a quarter through online channels (27%). Around 8 in 10 (81%) of ticket sales are fulfilled as e-tickets.
- Credit Card Payment fraud is the biggest concern when it comes to online sales.
- Respondents were providing on average 4 governments data and anticipated this would rise to 7 by the end of next year. Of these, around two fifths were outsourced with the remainder managed in house.

Airline and Airport IT Trends Comparison



IT & Telecommunications Spend As a % of Total Revenue

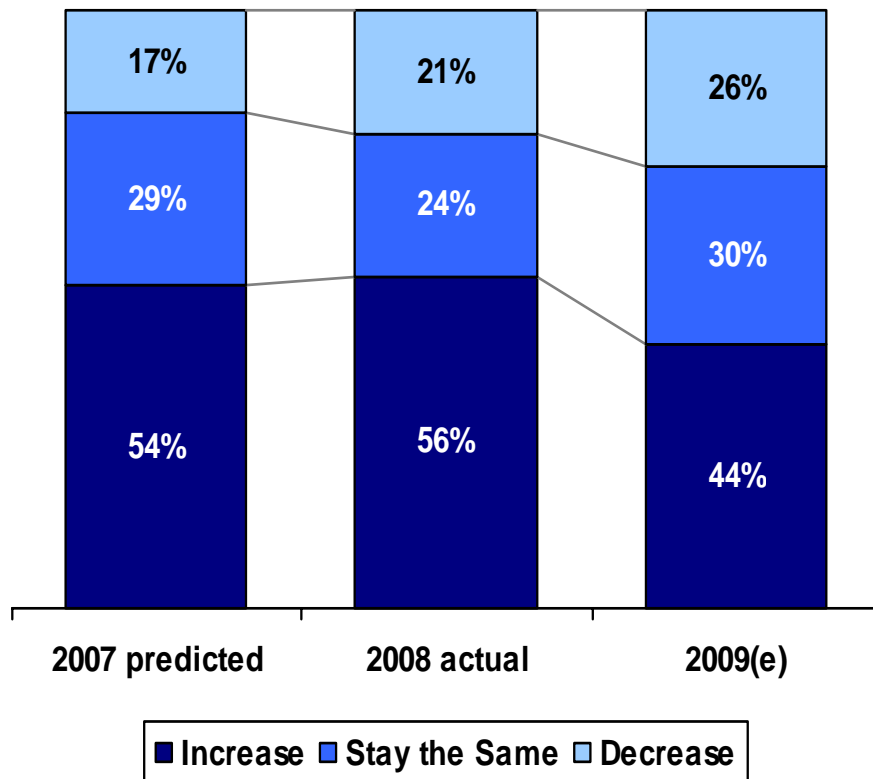


Remarks:

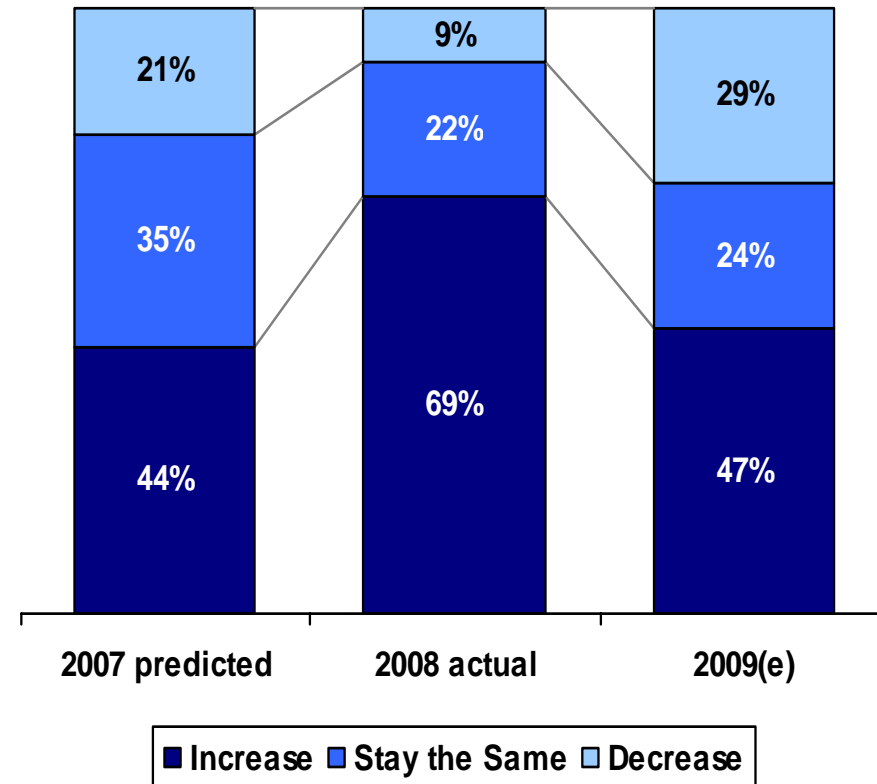
- Recent developments in economic climate and market conditions could have a significant impact on numbers
- Airlines: Development varies significantly by region
- Basis All respondents revenue weighted

Changes in IT Investment

Airports

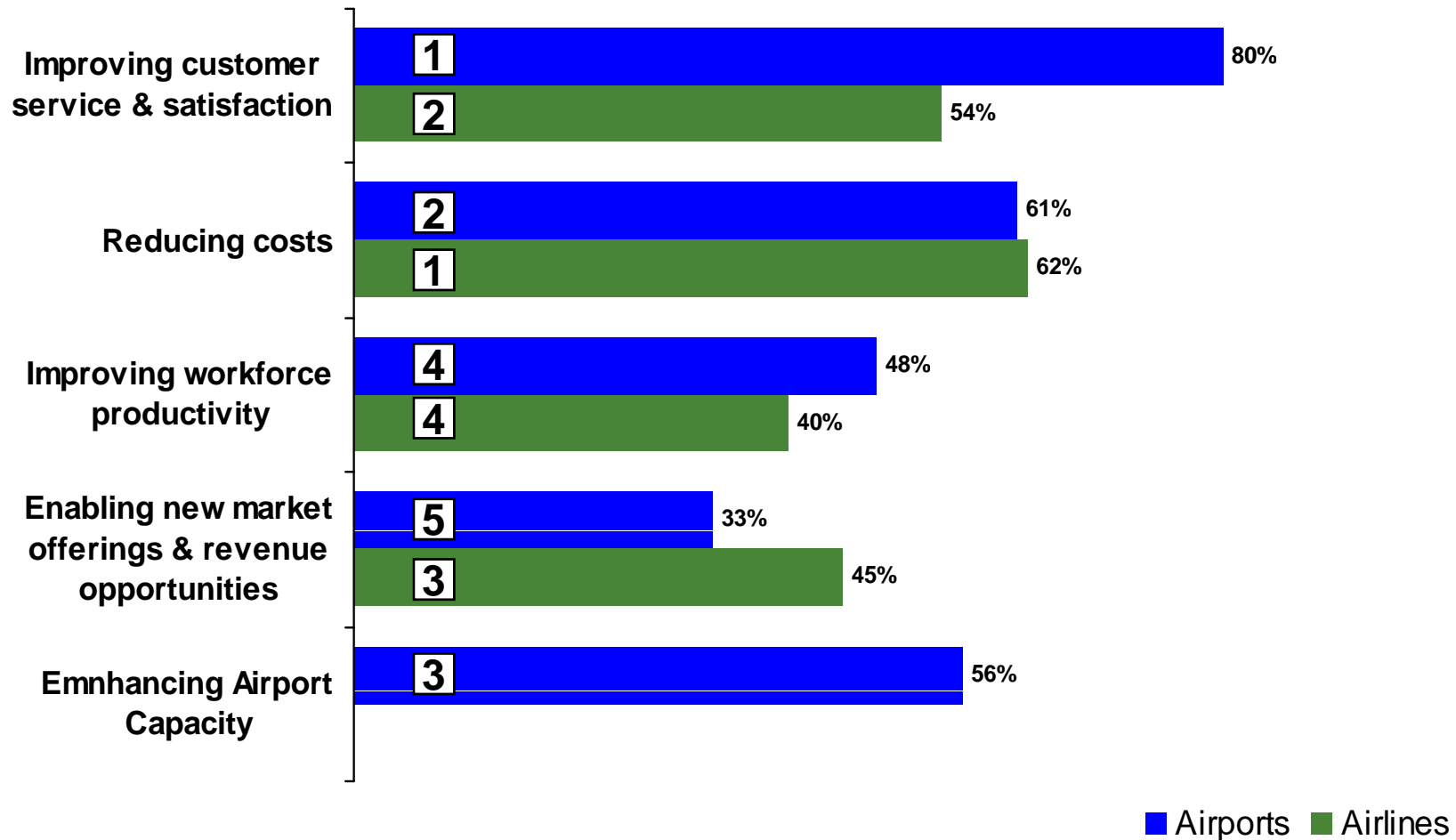


Airlines



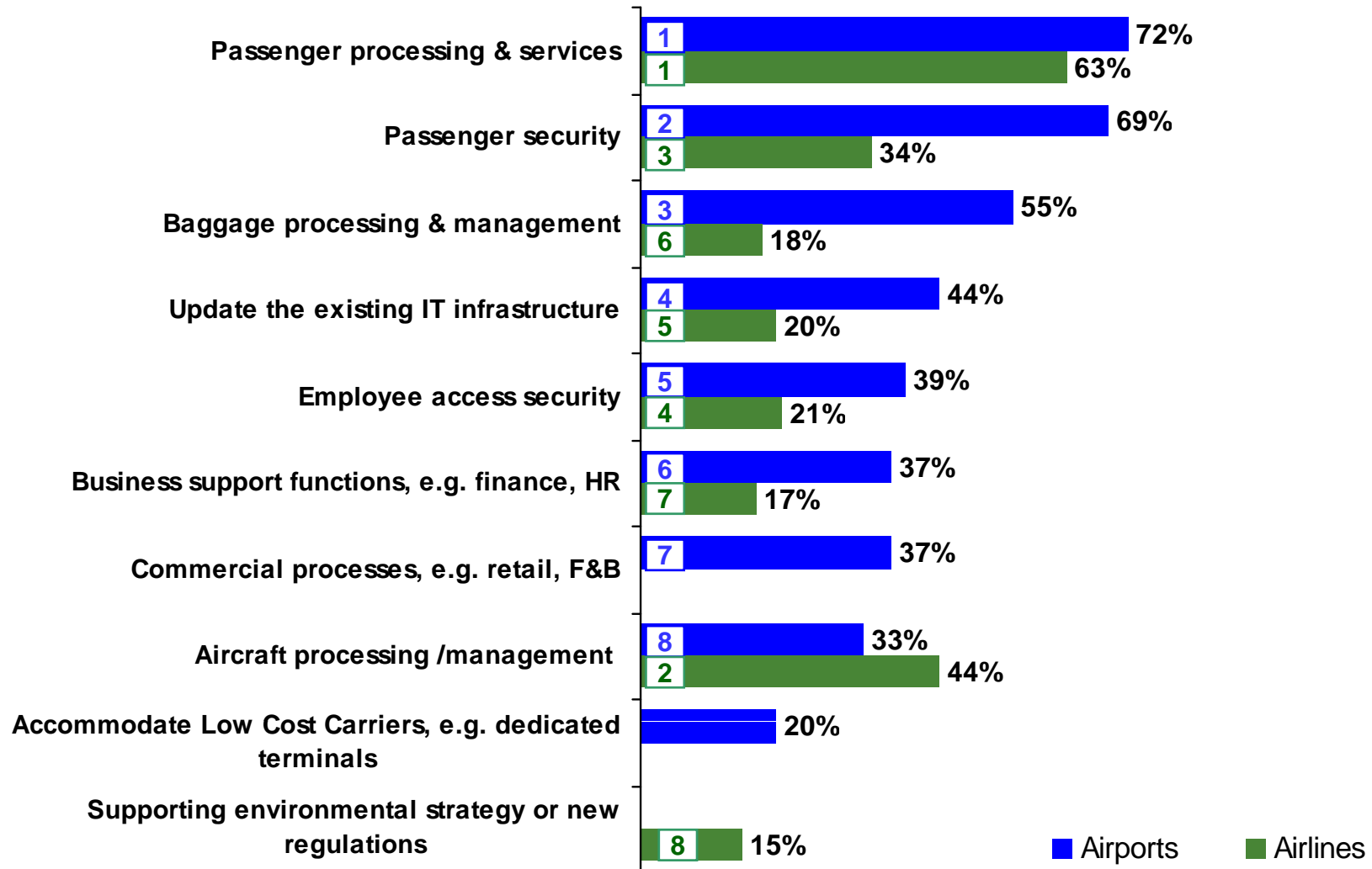
(Base: Those respondents answering – REVENUE WEIGHTED)

IT investment priorities in 2008 – Key Drivers



(Base: Those respondents answering – UNWEIGHTED)

IT investment priorities in 2008 – Investment Areas



(Base: Those respondents answering – UNWEIGHTED)

Main obstacle to achieving IT strategy

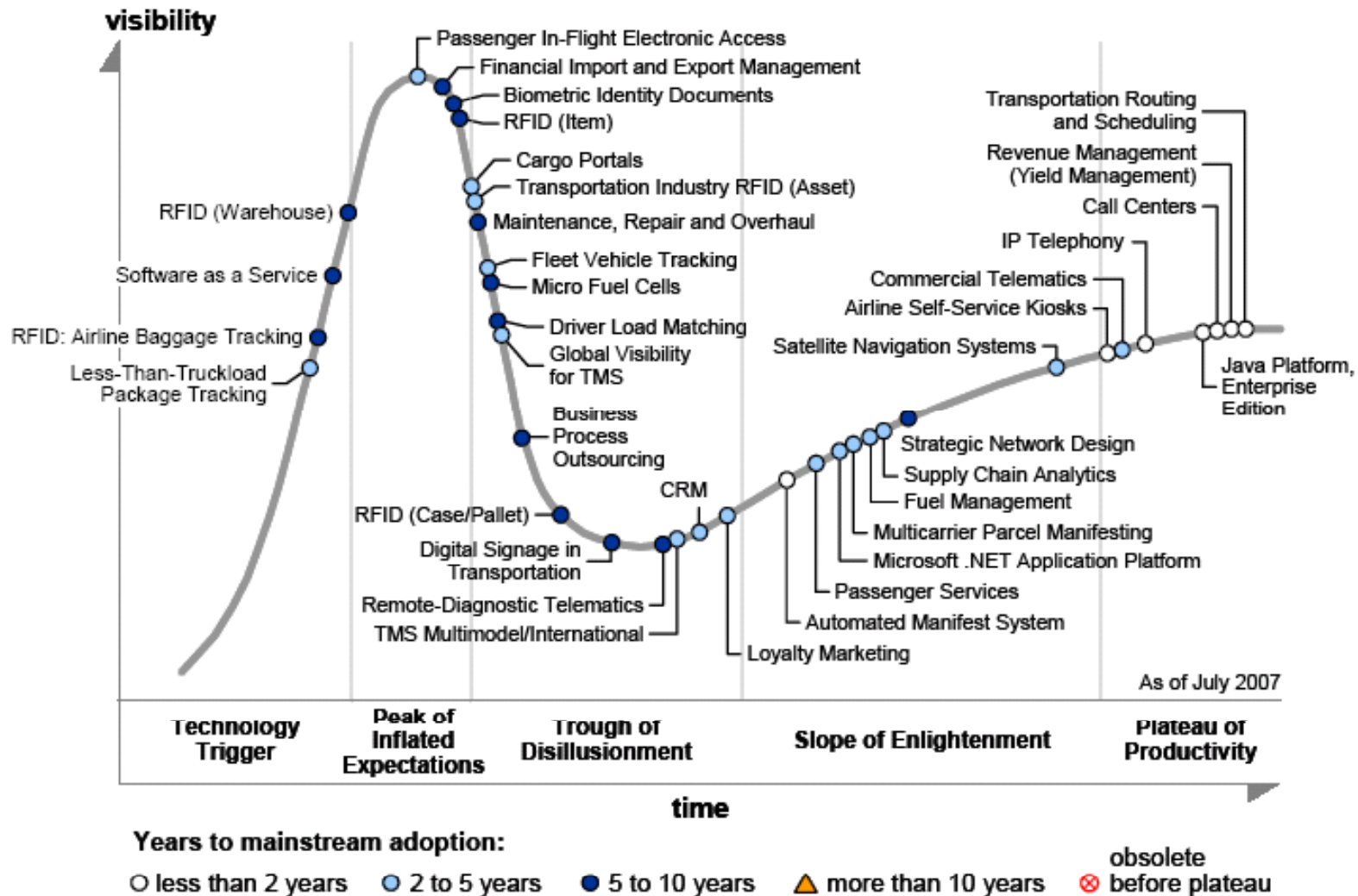


	Airlines		Airports	
▪ Lack of investment/reduced budgets	1	24%	1	26%
▪ Dependency on other stakeholders	5	9%	2	20%
▪ Lack of agreed airport wide IT strategy			3	15%
▪ Lack of staff with IT skills	6	9%	4	15%
▪ Tactical projects take higher priority	4	10%	5	12%
▪ Lack of IT staff with air transport experience	7	9%	6	12%
▪ Lack of support at executive management level	3	15%	7	9%
▪ Technology not yet mature	8	6%	8	5%
▪ Lack of application development capabilities			9	4%
▪ Lack of agreed industry IT standards			10	2%
▪ Impact & complexity of wide scale application deployment	2	17%		

(Base: All respondents – UNWEIGHTED)

- **Budget constraints is obstacle #1**
- **Different views on**
 - the dependency on other stakeholders
 - the lack of support at executive management level
 - the lack of staff with appropriate IT skills
- **Similar views on**
 - the maturity of technology
 - the overriding priority and resource utilization of tactical projects

Hype Cycle for Transportation



Source: Gartner July 2007

Muchas Gracias

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