New Business Process Plan for Mobile Services in Airline Industry

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Abstract

This business process plan is developed for competitive airline industry globally to use the power of mobile technology to create new levels of customer experience and operational efficiencies that will help produce successful results and maintain sustainable competitive differentiation [1]. This is accomplished with the help of strategic planning [5, 6] and combining the relationship between the organization’s business information systems and its strategy [4, 7]. In this paper, I have first developed the process plan and strategy. Then, using the score card mechanism [2, 3], I have analyzed the various costs and benefits of the newly developed business process plan.

1. Introduction

Global adoption of mobile technology has greatly increased in the last decade. Overwhelming evidence reveals that over the next three to five years, broadband consumption habits will change dramatically, occurring via mobile devices rather than through PCs. New products and innovations in mobility are emerging as one of the most promising areas for airlines to transform their business models and operation.

Furthermore, new business plan [9, 10] will provide the solutions for the competitive aviation industry, with the rise in services and adoption of specialized mobile aviation applications. First, websites would be optimized for mobile access and bar-coded boarding passes would also be sent to the customer’s smartphone with the use of wireless devices by airport staff or by the Airline Company.

2. Evolving Industry and Issues

Airline companies are under unprecedented pressure to produce economic results or perish as fuel; labor and asset costs escalate and demand declines. The

International Air Transport Association (IATA) reports that the airline industry lost more than US $15 billion in 2012. In fact, with the exception of a few years and a few airlines, much of the industry has not produced a return on investment that exceeded capital costs.

With the industry poised for recovery, competition is expected to intensify as low-cost carriers continue to gain market share from full-service carriers by attracting both leisure and business segments. Following workflow lay-out shows the normal process that passengers follow on Air Canada’s website.

Further issues of the current process related to the passengers and the system of the company are as follow:

a) Airline passengers are more dependent on the travel company to know about the changes in the flight schedule, seat availability, booking or cancelling and all on-time changes.

b) Thus, on-time changes or delay news put burden on passenger as well as on the employees, as they need to inform all the passengers 4 hours or 24 hours prior to the departure.

c) Mediators impact the direct selling of the tickets by Airline Company through their online channels, which reduces the revenues for the company. For example, Flight center and Travel Guru.

d) Basis or current process lacks the sale of empty seats which could generate profit for the company, if it could make available for other passenger.

e) Retrieve lost baggage information to the passenger. It is complicated to find out one’s lost baggage tagged with paper tags.
3. Opportunities, Strategies and New Process

Mobility has provided an opportunity to move beyond basic and maturing services. Mobile applications encourage the aviation industry to transform their business models to provide passengers with greater control over every aspect of their travel. Different strategic applications [8, 11] provide reliable solutions for different new processes and its transaction with the adoption of smart phone apps.

a) Booking a flight and checking fares using specific airline smart phone applications on your mobile rather than searching on a website.
b) Checking in and choosing or changing seats by 2-D bar-coded boarding pass picture send by the specific airline company instead of paper-based boarding pass.

c) Viewing passenger itinerary, requesting a meal, and booking ground transportation.

d) Checking real-time flight status and viewing global timetables through notification applications.

e) Looking for products and services available on any specific flight.

f) Learning about dedicated departure lounges.

For example: Using a range of services and smart solutions, airlines can maintain contact with passengers at various touch points along their journey, delivering real-time relevant, and value-added information, offers, discounts, and personalized services that help build a trusted relationship.

Airlines traditionally operate in a high fashion where specific processes are necessary to support extremely efficient operations, which are departmentally isolated. Because of this sharing, cross-departmental information is typically not a priority. To extract maximum value from smart mobility, airlines must achieve a greater level of information sharing. To achieve this, they must retool their operational processes to support a passenger-journey-centric framework instead of the existing “seat-production” model. Airline operations that can benefit from smart mobility include:

- **Collaborative ramp management**: Mobility solutions enable employees to collaborate based on real-time information such as gate changes, leading to a reduction in aircraft turnaround times.

- **Innovative asset management**: Smartphone solutions can provide ramp workers with up-to-date information required for their specific task. For example, lost luggage is an ongoing concern for passengers. Using smart phones to manage luggage along its journey, airline baggage agents can trace baggage by accessing and logging real-time information about the luggage’s location. This capability leads to faster problem resolution and asset identification, and improved passenger satisfaction.

- **Workforce management**: Airline crews (both on the ground and in the air) are dispersed around the world. Using smart phones, employees working on the ground, for example, can access real-time information from flight crews to handle passenger requests (such as flight delays) more efficiently.

- **Airport Service desk and kiosks**: Smartphone capabilities will also allow airlines to reduce their airport footprints (personnel, counters, kiosks, real estate, and more). Airlines typically have relied on self-service capabilities delivered by the web and airport kiosks to lower costs and, in many cases, improve customer experience. Kiosks are expensive.

## 4. Score Card

a) Understand how mobility can be integrated into the airline’s business as a core strategy and what would be the outcome of the new system over a year and in what ways it impacts the requirement and cost of staff members in a company over a year.

b) Understand strategy for new process, organizational and technological requirements in regard to mobility capabilities for the passengers besides its cost.
c) What is the cost and extent of training for employees to enable them with new system of mobile services?

d) How the future business and technology architecture should moderate to shorten the volume of work?

e) What change in regard to passenger experience is required with the demand of time in regard to fasten the transactions processing time?

f) Understand the life expectancy (long term or short term) of the modernization approach to meet the competitive and beneficial requirements.

g) Develop a clear framework for measuring results and success - identify the cost, rework to be done after the change.

5. Requirements, Cost And Benefits Of New Process

The goal is develop requirement capabilities that streamline and unburden the travel process by empowering passengers with enhanced self-service, real-time data, and context aware services. Such services dramatically expand the airlines’ value chain with multiple opportunities to shape a rich, personalized passenger experience, creating new ways to drive profitability.

For implementing and developing mobile services by Airline Company, following are the requirements to determine for the new process:

a) First of all, top-level management support is a must for hiring IT staff that can develop and maintain the web portal for mobile services on the existing Aviation Company’s website and to support the cost factor. Mobile services webpage is required to be accessible and compatible with all internet browsers. For example: mobile.aircanada.com

b) New moderate policies including conditions in relation to the use of smart phone and Airline industry’s applications is required to appear on the web page, from where customers can download the specific software for specific task.

c) Investment on implementing wireless broadband infrastructure and network security equipments in order to replace kiosks or service counters and to speed up the age of mobile internet. For example, long term evolution deployments will lead to data rates of at least 100 Mbps downlink and 50 Mbps uplink.

d) To ease and deal with the traffic of mobile queries made by airline’s passenger, up-to-date database server (to store passenger’s information), application server (for mobile applications), e-commerce server (for mobile transactions)and firewall server is required with a domain name at the company site.

e) Specific airlines will have their own internet based mobile applications which can then be made downloadable for all customers on their mobile services portal or webpage.

f) Special applications that automatically generate 2-D bar-coded boarding pass pictures and send them directly to passengers upon their request by e-mail or SMS.

New Business models impacts the industry from several perspectives and will prove beneficial as the following:

a) Enhance customer experience.

b) Facilitate new services.

c) Increase revenues.

d) Streamline airport operations.

e) Lower sales and marketing costs.

f) Boost employee productivity.

g) Encourage further service-level differentiation.

h) Real-time information based.

i) Accelerate direct sales.

j) Great revenues through aisle or window seats.

k) Re-sale of empty seats

l) Profits by commissionable food, movies, music, premium parking.

m) Smart-mobility based operations enable cost reduction by simplifying the airline, airport and passenger value chain.
6. Conclusion

In this paper, I have shown how mobile technology could play a crucial role in the business process plan of an airline company. The paper also provides detail analysis of the new business process plan using the score card mechanism. Finally, I have provided the recommendation for the new system with detailed costs and their benefits.

References


