



REAPING THE BENEFITS OF IMPROVED EFFICIENCY WITH THE WEBMETHODS PRODUCT SUITE

Challenge

At Icelandair, the increase in online ticket sales was not contributing fast enough to saving costs, reducing staffing and getting operational efficiency gains throughout the organization. For every reduction in telephone sales man-hours, there was a corresponding increase in the amount of back-office effort needed to support online sales.

Solution

The webMethods product suite delivered a fully automated e-ticketing system that eliminated time wasted on manual processes and integrated multiple internal and external systems such as the AMADEUS reservation system.

Benefits

Over 85% of the total tickets are processed through the new system, an annual saving of 30 FTE compared to the previous manual processes.

ICELANDAIR

Founded in 1937, Icelandair employs over 1000 people and is one of 14 companies in the Icelandair Group and one of the largest private companies in Iceland. Today the airline carries about 1.6 million passengers each year on its fleet of Boeing 757, which is about five times the population of Iceland.

With sales offices and flight destinations across Europe and North America, Icelandair has grown into a truly international business and competes for tourist and business traffic to Iceland, as well as international traffic via its hub in Reykjavik.

Get There Faster.™

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Hjörtur Þorgilsson | CIO | Icelandair.

Staying profitable in a competitive business

The international airline business is highly competitive. Slim margins, rocketing fuel prices and the huge investment needed to buy and maintain an aircraft fleet means airlines must constantly seek out efficiency in their operations to remain profitable. Airlines also need to operate on the highest possible load factor and be able to attract and retain customers who now shop online for their flight needs.

These changes in customer behavior, driven by very high rates of broadband penetration, were leading to high growth in the number of ticket sales being made through Icelandair Web sites. This new way of doing business should have offered the potential to save costs, reduce staffing and get operational efficiency gains throughout the organization but that wasn't happening as fast as the company had planned.

“We saw that for every reduction in telephone sales man-hours there was a corresponding increase in the amount of back-office effort needed to support online sales,” said Hjörtur Þorgilsson, CIO, Icelandair. “We worked out that each sale was up to 11 minutes of administrative back-office support, so we simply weren't getting all the business benefit we were looking for from online ticket sales.”

Reducing the costs of issuing flight tickets

Icelandair decided to utilize the webMethods product suite as the core of this business transformation. The internal focus on reducing the cost of issuing a ticket, from the initial reservation right through to the delivery of the ticket, provided the ideal pilot project to demonstrate a measurable return on investment (ROI). The aim was to deliver a fully automated e-ticketing system that would eliminate time wasted on manual processes.

The project would involve integration of multiple internal and external systems such as the AMADEUS reservation system. Once fully operational in Iceland, the system would be rolled-out by sales region across the globe. This would have the additional benefit of removing regional variations in ticket sales process by standardizing on one process across the organization. Furthermore, it was hoped that Icelandair would be able to launch an e-ticket product in record time.

Icelandair's integration partner is a local company, Kögun. “They provided a high level of software and service support throughout the two-year process,” said Þorgilsson. “During that time, we have moved from the successful initial pilot to rapid implementation across all Icelandair's sales offices in the U.S. and Europe. Thanks to the simplicity of deploying the webMethods suite, Kögun took less than three man-months to deliver a fully functioning pilot solution.”

This project was quickly expanded to include all telephone bookings, walk-in bookings, frequent flyer and gift certificate bookings. Then this model was taken to each sales region and installed there.

Unexpected benefits of standardization

The new system has delivered many benefits to Icelandair – some were foreseen, but there were unplanned benefits too. Today, over 85% of the total tickets are processed through the new system, an annual saving of 30 FTE compared to the previous manual processes. Standardization has brought efficiency gains too – in business processes and in IT. Booking processes are now exactly the same in every sales office. This means greater staff flexibility in that they can be moved from one location to another without re-training.

Standardization has also been an enabler of electronic invoicing – something unforeseen originally. This has led to savings in accounting due to reduced postage and paper use and the reduced space necessary to store the paper.

In IT, adapters developed for some interfaces turned out to have multiple uses across the organization – saving development time and effort. But perhaps more importantly, there is a complete change going on in the culture of Icelandair. There's now much more information circulating electronically and the barriers between departmental silos are starting to come down. IT is now much more integrated into the business.

KEY COMPONENTS

webMethods Product Suite

The webMethods product suite delivers Business Infrastructure Software, enabling companies to automate and improve business processes and eliminate point-to-point integration challenges.

ABOUT SOFTWARE AG

Software AG is the world's largest independent provider of Business Infrastructure Software. Our 4,000 global customers achieve business results faster by modernizing, automating and improving their IT systems and processes to rapidly build measurable business value and meet changing business demands. Using our solutions, organizations are able to liberate and govern their data, systems, applications, processes and services – achieving new levels of business automation and transparency.

Our industry-leading product portfolio includes best-in-class solutions for managing data, developing and modernizing applications, enabling service oriented architecture, and improving business processes. By combining this proven technology with industry expertise and best practices, our customers improve and differentiate their businesses – faster.

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