STRATEGY FOR AIRLINE BOARDROOMS WORLDWIDE

AIRLINE BUSINESS

A JOINT AIRLINE BUSINESS AND SITA SURVEY

The Airline IT Trends survey

Executive summary

2008

SITA

Foreword

This year we celebrate the 10th anniversary of the *Airline IT Trends Survey*, co-sponsored by *Airline Business* and *SITA*. Since its launch in 1999, the survey has become a well established benchmark tool for key technology trends in the airline industry.

Over the past 10 years the *Airline IT Trends Survey* has enjoyed a steady rise in the number of responses from airlines, underlining the importance and relevance of this type of survey to the industry. This year, with 121, we have reached the highest ever recorded number of responses since the survey began, with nearly two-thirds of the responses coming from flag carriers or major airline groups. In addition, every year an increasing number of low-cost carriers are taking part.

Each survey aims to achieve a balance between capturing emerging trends while continuing to track the evolution of well established ones. The 2008 survey is no different: it includes new questions to investigate plans and opinions in areas such as the future of on-board connectivity and RFID in aircraft management. At the same time, the survey still keeps an eye on the evolution of IT budgets overall, passenger services and travel distribution.

Self-service still remains a strategic imperative, with the number of passengers using kiosks and other self-service options peaking. This year the survey also includes mobile phone check-in, in order to keep track of the evolution of all available self-service options as they emerge. Currently, mobile check-in is available only to a small number of passengers, but the survey shows that airlines expect it to be used by 10% of passengers by 2009. Capturing these emerging trends in their early stages of adoption is essential, as it gives an indication of the speed of adoption by the industry. For example, only between 4% to 8% of airlines are considering solutions for on-board connectivity this year but respondents believe that 2009 will see a strong rise in the solutions available.

We thank all those who took the time to participate in this year's Airline IT Trends Survey and hope you will continue to support the survey in years to come.

Francesco Violante
CEO
SITA

Mark Pilling
Editor
Airline Business

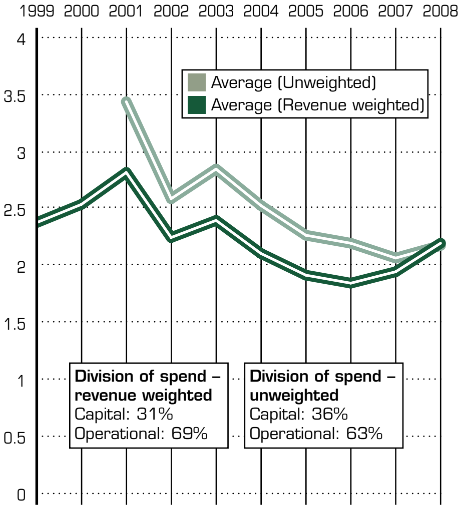
Introduction

This report provides an executive summary of the results from the *Airline IT Trends Survey 2008*. The research is divided into six broad sections. The first section deals with **Management/Strategic Issues**, addressing levels of investment, resourcing and strategic investment priorities. The second focuses on the adoption and evolution of **Self-Service Technologies**. The third section looks at **Travel Distribution** and the channels used to sell and fulfill tickets. The fourth section covers **Mobile/On the move Connectivity** including plans for handheld devices and future implementations. The fifth section focuses on **Future Initiatives** encompassing plans for technology adoption. The final section reviews the Verbatim Comments about key **Successes, Failures and Challenges** for airline IT departments.

The research was conducted in spring 2008, targeted at the world's top 200 airline groups, including low-cost carriers, together with operators representing important players in the regional and charter sectors.

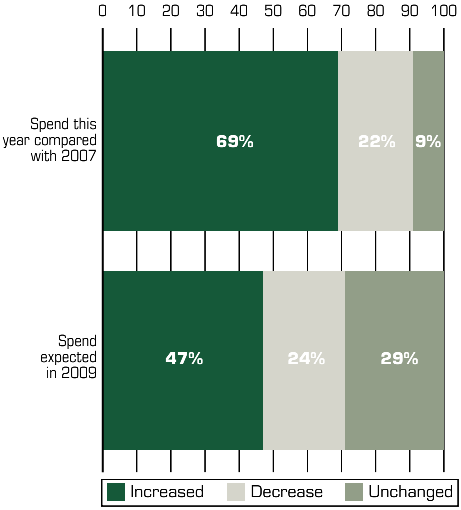
Part one: Management and Strategic Issues

IT investment as a percentage of revenues



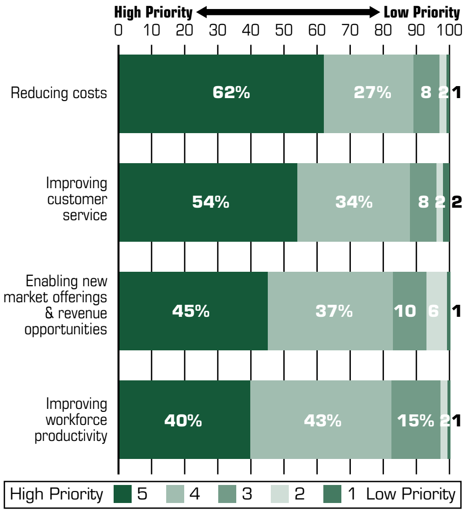
Base: *All respondents - unweighted/revenue weighted*

Trends in total IT spend



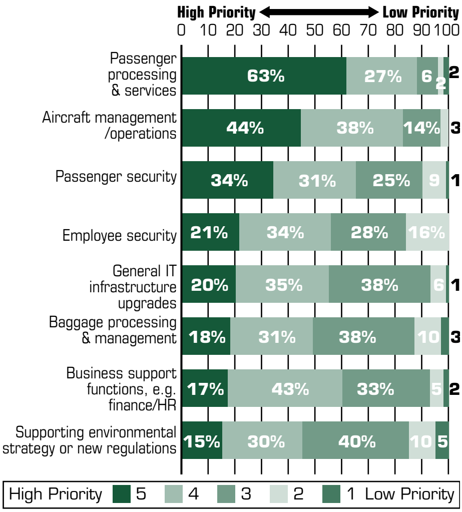
Base: *Those respondents answering - revenue weighted*

Priorities in the IT investment decision - key drivers



Base: *Those respondents answering - unweighted*

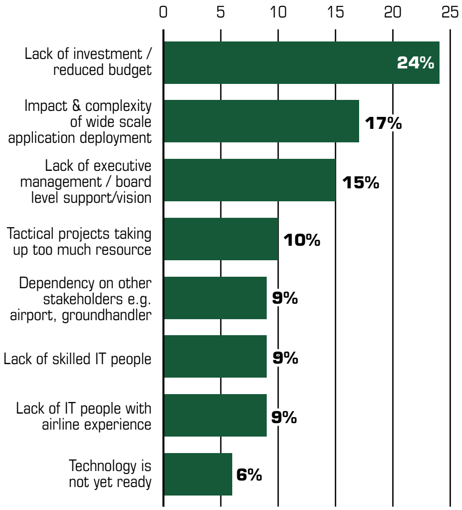
Priorities in the IT investment decision - investment areas



Base: *Those respondents answering - unweighted*

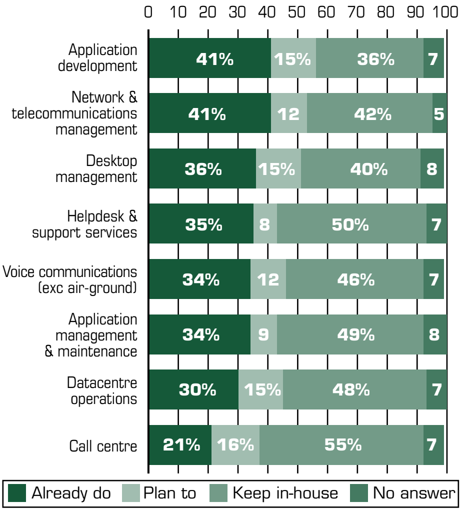
Part one: Management and Strategic Issues (continued)

Main obstacle in achieving IT strategy



Base: *All respondents - unweighted*

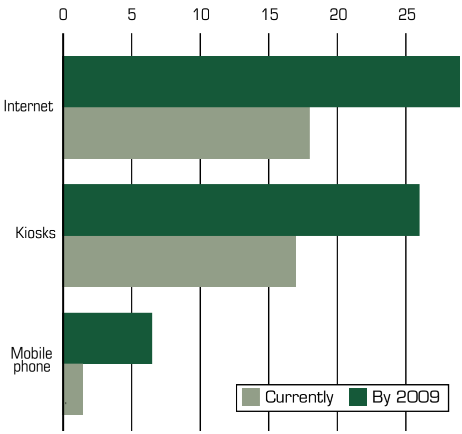
IT functions already outsourced / plan to outsource



Base: *All respondents - unweighted*

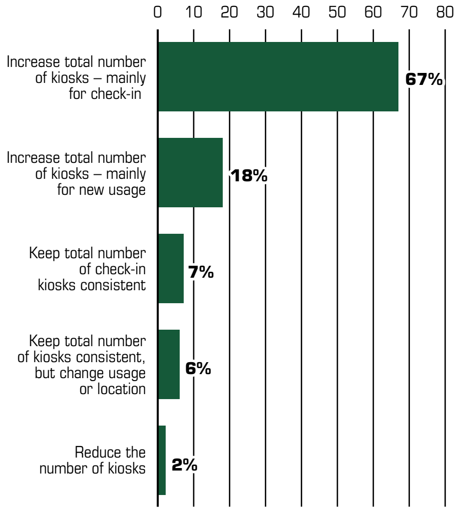
Part two: Self-Service Adoption

Proportion of passengers using check-in by...



Base: *All respondents - passenger weighted*

Strategy for self-service kiosk usage



Base: *Those respondents answering - unweighted*

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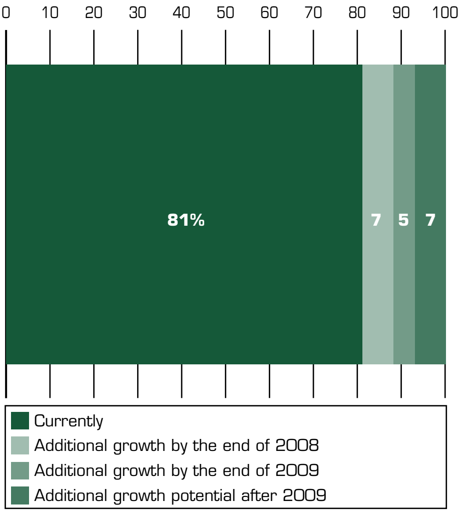
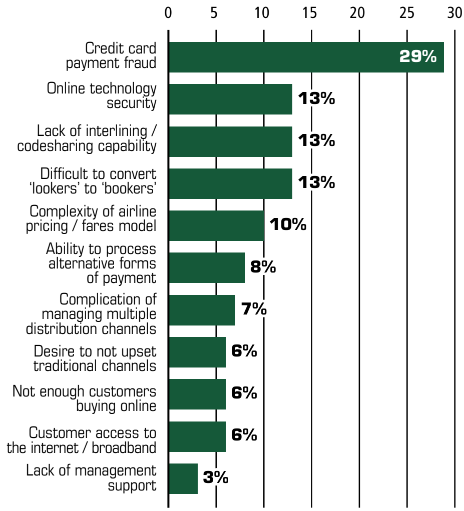
Part three: Travel Distribution

Proportion of ticket sales fulfilled as e-tickets



Base: *Those respondents answering - passenger weighted*

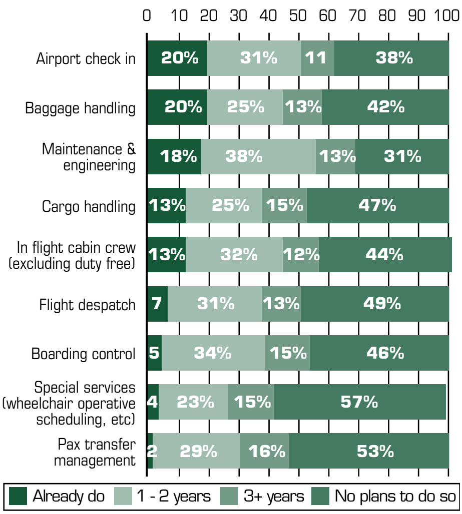
Most important business issue associated with online travel sales



Base: *Those respondents answering - unweighted*

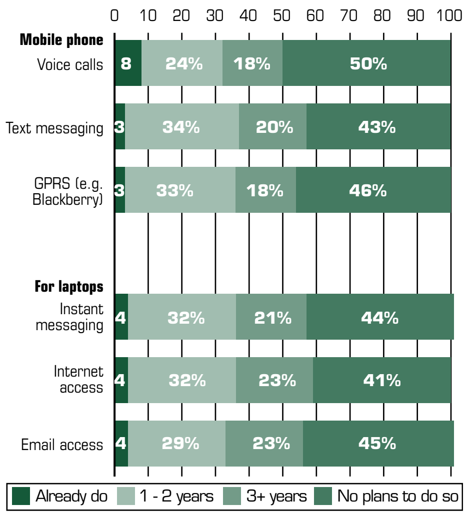
Part four: Mobile/On the Move Connectivity

Plans to provide handheld devices to support the following functions



Base: *Those respondents answering - unweighted*

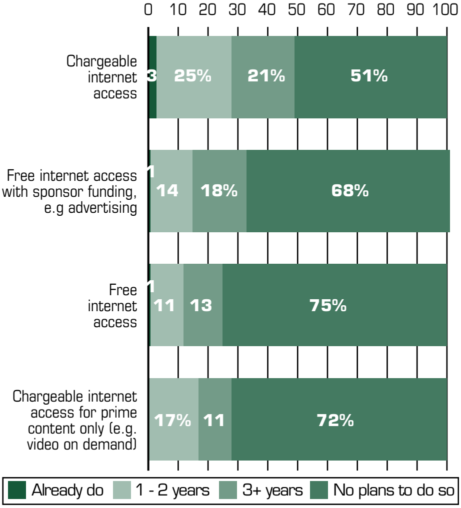
Plans to provide on-board connectivity & services to passengers



Base: *Those respondents answering - unweighted*

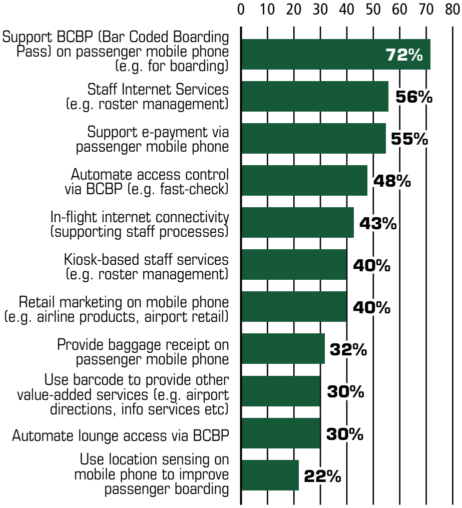
Part four: Mobile/On the Move Connectivity (continued)

Strategy for on-board passenger communication services



Base: *Those respondents answering - unweighted*

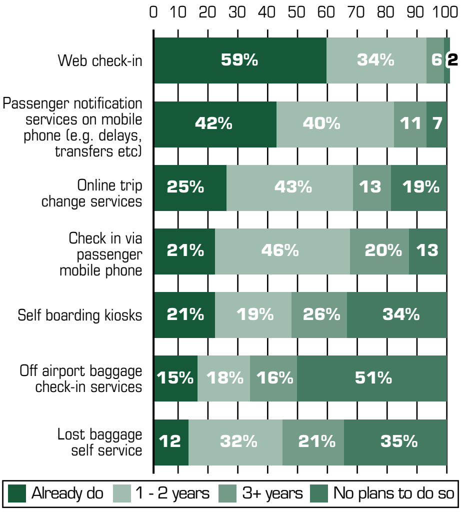
Services considered for future implementations



Base: *Those respondents answering - unweighted*

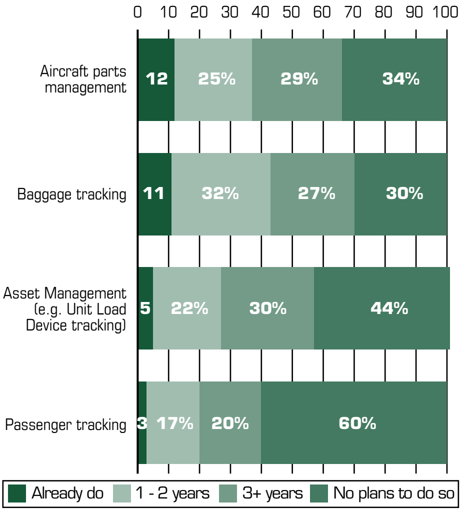
Part five: Future Initiatives

Initiatives implementation and planning at organisation



Base: *Those respondents answering - unweighted*

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



Base: *Those respondents answering - unweighted*

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Verbatim responses (voluntary questions)

Base: *All respondents including those who did not provide a verbal response to this optional question. Some contributed more than one item.*

Major IT successes in the last 12 months	
E-ticketing	28%
Upgrading systems	16%
Web based development	8%
E-business	7%
ERP	7%
Containing costs	5%
CRM	3%
Optimising processes	3%
Improving efficiency	2%
Increasing self service	2%
Passenger self-service	1%
Requirements to join oneworld	1%
Link IT with other business functions	1%
VoIP	1%
Disaster recovery implementation	1%
Migration to IP Networks	1%

Major IT failures in the last 12 months	
Delays in implementing planned projects	18%
Infrastructure not ready for change	5%
Lack of funding/restricted budgets	4%
Change management	2%
CRM	2%
E-ticketing	2%
Outsourcing	2%
IT security	1%

Biggest future IT challenges facing the airline industry	
Cost control/cost issues	21%
IT security	9%
Improve services to customers	9%
Infrastructure/changing infrastructure	7%
Government/industry compliance	6%
Lack of available IT staff/skills	5%
Simplifying processes	4%
100% e-ticketing	3%
Ability to implement changes quickly enough	3%
Oil/fuel costs	2%
Outsourcing	2%
Green/environmental issues	2%
Legacy system phase out	2%
Managing change	1%

Survey objectives /methodology

- The survey objectives are to monitor key IT Trends within the airline industry including:
  - the IT environment
  - self service adoption
  - adoption of emerging technology
  - travel distribution
  - security
- The survey was first launched in 1999 and comparisons are made where appropriate with previous surveys. However, please note that the sample may vary between years.
- Questionnaires were sent to a senior IT executive in each of the top 200 passenger carriers, including low cost operators, together with carriers representing important players in the cargo, regional and leisure sectors during spring 2008.
- A total of 121 questionnaires were returned by the cut-off date, providing an even and representative spread across the world's top airlines.
- Almost half of the survey respondents are in the *Airline Business* Top 100 revenue rankings.
- The research was conducted by *Reed Business Insight*, the independent research arm of *Reed Business Information*.

Full results on CD

The full survey results, covering over 30 questions, are available to buy on CD priced at $450. For details email: **Airline.Business@flightglobal.com**