

Innovation is the key to airline recovery in a Covid world

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From tsunamis to ash clouds and global financial crises, the travel industry has seen its share of setbacks over the past few years. The industry has always handled these events with admirable resilience and managed to bounce back quickly from each disaster.



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Covid-19 is different. The global pandemic has had an unparalleled and devastating impact on the aviation industry with airlines grounding their entire fleets for months. Over 60% of flights were cancelled worldwide, with bookings in April 2020 alone dropping a staggering 95% compared to the same month the previous year, and 75 million jobs are said to be at risk. Yet there is light at the end of the tunnel as some countries have started to open their borders and air travel is tentatively resuming.

Although the future is uncertain for everyone – and especially for those in the travel industry – history teaches us that change is inevitable and unavoidable. As we see a cautious return to the skies, and we rethink the future of the industry together, innovation will be key to overcome the challenges and emerge stronger from the crisis.

Looking to the future, we foresee a number of potential trends for the aviation industry. Innovation through solutions like Amadeus Airline Platform, for example, a mission-critical platform that forms the technology backbone for airlines, can help carriers better position themselves for a prosperous future.

The Amadeus Airline Platform connects together Amadeus' comprehensive offering for airlines, including the revolutionary Altéa Passenger Service System (PSS). Underpinned by big data analytics, machine learning algorithms, and cloud computing, the platform enables airlines to harness the full power of Amadeus technology to inspire, travellers and grow their business.

1. Focus on delivering a frictionless traveller experience

Simple activities in our lives like a trip to the grocery store are now difficult, risky, or even prohibited, and it is therefore understandable that travellers will be hesitant or anxious to board a flight in this new Covid world. To rebuild traveller trust, it is imperative that airlines address these fears while they continue to focus on delivering a seamless traveller experience.

Technology lies at the heart of this goal. Through innovative solutions like the Altéa PSS, customer preferences can be addressed at every stage of the reservation process, as airlines can use secure customer data to customize services. For passengers, this means faster and simpler check-in procedures as well as re-accommodation in a matter of seconds in times of disruption.

During the current period of uncertainty, relevant real-time information is more important than ever before. Amadeus technology allows airlines to support customers throughout the journey, providing real-time, personalized alerts to inform of flight changes, services or offers.

2. Improve airline systems to allow for agility

Covid-19 has effectively reset the travel industry. Every tourism company and airline is taking a hard look at its operations, re-assessing its ways of working and adapting to the 'new normal'. In this new world, the ability to make fast decisions has become crucial.

Over the past few months, many airlines scaled back operations and refocused some of their fleets to support repatriation flights and medical supply shipments. Technology played a critical role in helping carriers achieve agile aircraft configurations.

Airlines repurposed their aircraft by adding cargo space to flight cabins and some added extra space around passengers and families to apply maximum safety measures. Key to this agility was the seamless integration between airline systems from inventory to reservation, departure control, and offer management; all core PSS capabilities.

Integration across the Amadeus Altéa suite enabled airlines to easily deploy real-time seating, cabin, and cargo reconfigurations. Business rules and other setting adjustments could all be configured from a single user interface for automatic and flexible application across the airline's entire network, by market, origin, and destination and other variables.

Looking to the future, fully integrated systems also mean that even if unforeseen events like last-minute aircraft changes occur during operational windows, airlines can immediately and automatically reseat passengers and adjust weight and load balance. With end-to-end automated aircraft configuration and reconfiguration, airlines avoid expensive, time-consuming and resource-intensive manual intervention.

3. Collaboration and consolidation in aviation

It is likely that consolidation and concentration will lead to a major industry reshaping in all regions. Some airline groups are expected to become stronger, accelerating strategic investments, while others may not recover.

We also anticipate a number of significant changes in the aviation landscape with new codeshare and interline agreements between different parties.

Smart airline inventory management solutions, like Altéa, use advanced availability management techniques, dynamic customer identification and sophisticated airline policy controls to automate flight schedules, codeshare agreements, re-accommodation and seating. This helps maximize airline network yield, increasing revenues and improving efficiency.

Collaboration has been important through these past months, as aviation stakeholders along the value chain unite to ensure the survival of the industry. This is where the community element of Altéa comes in. Because airline PSSs share common processes, Altéa delivers a common core functionality to a community of airlines, providing leading technology at a much lower cost. This approach is a departure from the high cost, on-going IT development within each airline.

And thanks to Altéa's open systems design, Amadeus, for example, is able to develop additional IT solutions for airlines such as loyalty management, revenue management and financial management systems.

This collaboration is also due to the founding principles of our Amadeus Airline Platform, which is an agile and open system, enabling third parties such as start-ups to collaborate and develop on top of Amadeus technology to meet airline needs. This approach fast-tracks development from concept to market and allows Amadeus' airline customers to always benefit from the best technology and most innovative concepts in the marketplace.

4. Explore smart revenue models

The International Air Transport Association (IATA) released analysis showing that the airline industry's global debt could rise to \$550bn by year-end; a \$120bn increase over debt levels at the start of 2020.

With these alarming numbers, it is clear that modern, state of the art revenue management will be crucial for airlines to move quickly to recovery. Amadeus has incorporated artificial intelligence and machine learning algorithms into its revenue management solutions. Although these solutions often rely on historical data to understand behaviours, Altéa has shown great resilience in the current market context, building models where there is no precedent upon which to rely.

Altéa detects the patterns of recovery at different market, country and route levels, and these patterns help airlines make quick, efficient, and smart revenue management business decisions.

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Despite the aviation industry navigating its greatest challenge to date, airlines can still use this time to prepare for the future. The Altéa suite is widely used by leading airlines in the world, large and small. The newest airline to have adopted the Altéa suite, TAAG Angola Airlines, the flag carrier of the Republic of Angola, recently said it is excited to be able to streamline its operations thanks to Amadeus' technology.

"In these times of uncertainty, we are reassured by dependable partners like Amadeus, that we can rely on to take our airline to its next stage of growth. We look forward to getting back to flying and continuing our expansion drive in the region and internationally with Amadeus at our side," says Chief Executive Officer for TAAG Angola Airlines, Dr Rui Carreira.

ABOUT THE AUTHOR

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