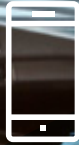# Partners take flight.

Innovation²

The future of travel

Navigating turbulent times

Remember when flying was an experience to be savored? When boarding a plane meant a luxurious airborne escape during which the flight crew tended to a passenger's every need. Flying meant luxury, glamor; in short, a dream, which is just what it remained for most people. Today, however, aviation is more affordable and thus more accessible than ever before. It is also safer and more reliable, a better experience in nearly every way: quieter, smoother and more fuel-efficient. Modern jets are technological marvels stocked with creature comforts unimaginable in the 1950s and 60s. So why do so many passengers feel the Golden Age of Aviation for them ended decades ago?

Their flying experience can be seen as a direct result of the industry's own success, its ability to attract the mass market, and its own innovative cost efficiencies that have made flying so available and so appealing to so many. But it takes continuous investment to stay on the cutting edge of customer trends and demands, which begs the question: What about the airline industry feels cutting edge anymore relative to the broader consumer-driven, digitally enabled world? In the early days of computing, airlines were among the original digital pioneers in business. They embraced some of the first mainframes used in the corporate world and pushed the limits of first-generation information technology. Airlines had their own web before it went worldwide.

But that development stalled for a variety of reasons. Running airlines is complex, which is what originally made them early adopters, and still makes such core airline systems as Passenger Service Systems (PSS) and Global Distribution Systems (GDS) some of the most streamlined and efficient of any industry. Unfortunately, this sheer complexity has also kept passenger-facing systems from evolving at the same pace. Innovators in other sectors, such as retail and consumer goods, jumped online at the dawn of a new digital age, taking advantage of emerging technology and leapfrogging airlines. This means that in the flying experience, i.e. at all the most meaningful touchpoints airlines have with their passengers, air travel is not meeting the expectations of its users who feel industries should keep pace with each other in people, processes and technology. Therefore it only makes sense for airlines to target investment here, not only to catch up but also lead once again in the customer experience.
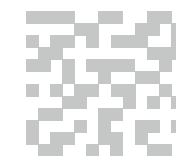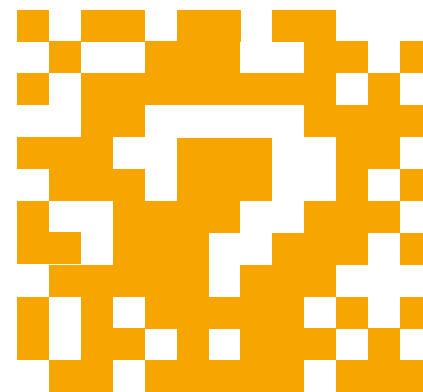
When it comes to innovation, airlines are not competing with each other. They are not competing with what existed before. They are competing against every other aspect of flying customers' lives. Think of the world we live in. It includes:

- Cars that download updates while drivers sleep.

- Smart homes and appliances connected to the ever-growing Internet of Things.

- Retailers and consumer packaged goods companies that leverage Big Data and analytics to know customers better than they know themselves.

- Apps where a simple swipe right is all you need to do to get exactly what you want, when you want it.

Against this backdrop, the way most airlines employ technology in the customer experience is lagging. There are surely myriad reasons for this, including:

- Legacy computing systems that hinder integrating innovations.

- Structured business models.

- Regulations and restrictions within the industry.

- Disparate interests of stakeholders throughout the aviation value chain.

But the bottom line is that not moving forward is not an option. Executives at premium and low-cost airlines alike know disruptive changes are already impacting the industry. Managing such customer-facing areas as merchandising, rewards programs and consumer profiles are already demanding new and better systems. This is doubly true when you consider that no airline exists as an island. Survival depends on integrating into the larger airline ecosystem of colleagues, partners and competitors. The question airline leaders must ask themselves is if they are positioned to thrive in a world where the pace of disruption is rapidly increasing.

Reinventing
the future of flight

Of course, this is not about returning to the Golden Age but about embracing a New Age of Aviation, one of capitalizing on the opportunities presented by rapid advances in such areas as digitization, Big Data and the Internet of Things. Consider the results of a recent Accenture survey of global airline executives representing all tiers of the industry:

- All airlines represented in the study are actively engaged in supporting more mobile self-service.

- All airlines represented in the study are increasing digital sophistication to develop 360-degree views of their customers. This includes gathering, analyzing and deploying data from all stages of the passenger journey before, during and after travel.

- 67% of airlines represented are examining how they can leverage social media connections and partnerships to learn about and connect with customers.

- 33% of airlines represented are actively engaged in using real-time insights to enhance the customer experience.

Also, among airline executives surveyed, 65% favor integrating digital ecosystems with those of third-party providers. This will open up new areas of opportunity but also competition. Who owns customer data during that journey? What data is your airline prepared to share? Which crown jewels of customer data are sacrosanct?

The survey makes it clear that airlines are already striving to increase direct customer engagement through their own platforms. The world of Global Distribution Systems is experiencing rapid change too. New digital players have already entered this space. At the same time, a new distribution capability sought by so many for so long is on its way. What will it be, how will it work and is your airline ready to implement it?

One clear truth is emerging in almost every area of aviation technology: namely that airlines are rapidly running out of runway to prepare for the changes that are either already here or looming on the horizon.

Innovation² :
Preparing for takeoff

Change is an opportunity as much as it is a challenge. There is good reason to be excited about reinventing the way people travel. Primarily because the public is receptive to what the next generation of airlines might look like. More than three-quarters of travelers, 76%, believe "context-aware" emails would persuade them to make a purchase. Further, while 70% of airline website traffic arrives via online travel agencies or other meta-search engines, 79% of customers prefer to buy travel services directly from recognized brands. This is an advantage carriers can exploit. (Source: Amadeus Phocuswright's White Paper, 2015 – Influencing Travelers in the new Digital Funnel).

The industry has clearly recognized that its future must be based on client centricity, smooth integration of airline services and meaningful partnerships with members of the travel ecosystem. The critical issue facing airlines is how to implement these shifts securely, at speed and on budget.

The Amadeus and Accenture survey shows that nearly 80% of the airline executives polled have a clear vision of their plan to optimize the customer experience. However, less than half of those executives believe they have the organizational culture and business leadership to enact those initiatives. Perhaps the most worrisome figure of all is that barely a third of respondents – 36% – think their employees have the right equipment and skills to make innovation happen. The Accenture Amadeus Alliance is about enabling airlines to transform their vision into reality.

Accenture and Amadeus –
co-piloting through transformation

Why the Accenture and Amadeus Alliance?

Accenture and Amadeus are combining each party's strengths to forge a new way of addressing the industry's customer-experience challenges. We are building a forward looking, market defining set of new and innovative offerings and capabilities, drawing from existing Amadeus and Accenture portfolios and expertise. By combining these capabilities, Amadeus and Accenture jointly co-pilot airlines in transforming their passenger-facing digital systems, addressing the most pressing issues and executing with speed, while leading the way in innovation.
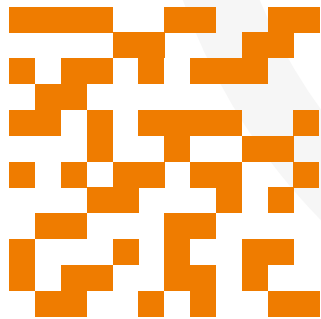
Accenture offers unrivaled experience in helping companies move to "the New." Transforming business processes and models to keep pace with the rapid changes in technology and markets is at the core of Accenture's capabilities. Its people understand open innovation, the integration of partners into the digital ecosystem and how to benefit from both. By focusing on digital capabilities from complex architectures to app-development or advanced analytics, Accenture delivers end-to-end support in the most critical areas of implementing individual solutions or mastering full digital transformations.

Amadeus supports airlines to deliver on their objectives – to grow revenue, optimise costs and efficiency, and build brand and customer loyalty. We provide IT solutions and services to enable full-service, hybrid and low-cost airlines to deliver on their business objectives based on the operation models they have chosen, and to empower them to collaborate with their alliance and codeshare partners.

In total, Amadeus boards more than 1.3 billion passengers each year. Amadeus recognises that each customer touchpoint is an opportunity to build brand value, and supports airlines in doing so through an extensive portfolio of innovative technology, distribution solutions and consultancy services. By simplifying processes and managing the complexity of working with third parties across the travel industry and beyond, Amadeus helps airlines as they drive transformation and innovation throughout their businesses to shape the future of travel.

The Alliance combines the strengths of Accenture and Amadeus into new offerings specific to the industry, one that can build, deliver and operate digital travel related products and services to match the evolving and rapidly changing needs of airline clients. By coupling capabilities for digital innovation with a mastery of airline systems, in addition to pairing leading edge analytics with the creativity, insight and speed of a boutique firm, airlines are given tools to overcome the hurdles involved in implementing shifts in the digital world. The Alliance continually applies new research and developments to move the industry forward. But perhaps most importantly, it pushes the boundaries beyond the product itself to creating new paradigms and realizing new concepts within aviation.

This two-fold approach will usher airlines towards industry leadership while simultaneously helping them better manage day-to-day business priorities. In each and every case, the Alliance is focused on creating value for its clients.

Reaping rewards

So where does the value come from?

We see four areas of critical importance to airlines in the Digital Age:

- Simplifying application landscape and delivery capabilities.

- Catching up to leading industries in innovation.

- Strengthening and evolving airline digital platforms.

- Maximizing Big Data usage to best leverage customer insight.

But how? Collaboration is key.

The Alliance collaborates to deliver "families" of offerings for the overarching issues: helping airlines close the innovation gap to other industries by strengthening and evolving their digital platforms and delivering badly needed capabilities on a simpler application landscape. The primary goal is to maximize Big Data usage to better leverage customer insights and profiles.

IT Service Management
for Altéa and beyond

The first user case is IT Service Management with the Amadeus Altéa Suite and the collaboration it entails. By combining industrialized applications with state-of-the-art service management, the Alliance can cut IT costs, increase service quality and speed of change. Skilled Altéa resources are delivered within a client-specific framework through Accenture service delivery centers hosting an integrated interface to Amadeus R&D.

- Improved IT operations through specific, industrialized application service management.

- IT cost reductions.

- Increased service quality (incident handling, configurations …).

- Speed of change.

- Altéa skilled resources within Accenture application services delivery centers.

- Client-specific service delivery frameworks.

- Integrated service delivery at interface to Amadeus R&D.
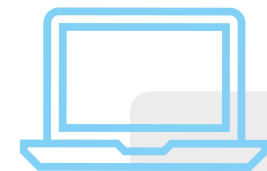
The House
of Digital

Second, the Alliance builds a House of Digital that balances the digital equation by leveraging UX and feeding data and revenues back into the system to improve digital POS planning. The latter means enhancing the digital experience, for instance through a usability testing service, but also optimizing digital performance by deploying customer behavior analytics and segmentation and then benchmarking them on cross-industry standards and KPIs.

- Optimized digital equation, leveraging UX, data and revenues feeding back into the system for optimized digital POS planning.

- Digital experience, conversion boost/UX ad-hoc optimization (A/B, MVT), usability testing services.

- Digital performance, acquisition performance & insights (traffic acquisition) + engagement/ retention optimization, customer behavior analytics & segmentation, payment & shopping optimization.

- Service design, UX assessment and quick wins.

- Measurable business outcome (sales, conversions, satisfaction, ...).

Operating Model Evolution
with Big Data technologies

Third, Operating Model Evolution with Big Data technologies offers business value that stems from Amadeus technology platforms and digital services. These are then tested, evaluated and optimized through the application of advanced analytics and digital marketing/sales services from Accenture. This creates innovative new concepts that serve as a basis for flexible service models that can then be deployed for sales, conversions, satisfaction and more to deliver measurable business outcomes.

- Generate tangible business value based on Amadeus technology platforms & digital services.

- Apply advanced analytics and digital marketing/sales services on Amadeus platforms.

- Evolve platform with new, innovative concepts ... (machine learning, VA ...).

- Test, evaluate and optimize business results in flexible service models.

- Measurable business outcome (sales, conversions, satisfaction, ...).

Embracing
the journey?

At the core of the Alliance is the recognition that airline service is increasingly being commoditized. Digital intermediaries are encroaching on the airline business and pushing carriers of all types further away from their customers. These developments have a profound effect on the relationship between an airline and its passengers. They also cut into the ability of an airline to compete on anything but price.

With so many customer touchpoints, airlines are best positioned to develop the richest profiles of travelers, establish the most meaningful relationships and, ultimately, deliver highly sought-after, truly customized experiences.

The Accenture/Amadeus Alliance is more than just two firms offering complementary services. It represents a complete commitment from both Accenture and Amadeus to invest in completely new research and development while simultaneously drawing on and enhancing the knowledge of existing expertise and offerings.

A joint path to the future of the travel industry – Innovation Accelerator

Furthermore, the Alliance is committed to driving innovation in the airline industry and providing an innovation center for airlines to enable regular exchanges and interactions with travel ventures and thought leaders to jointly craft an innovation journey. The goal is to generate new ideas that are then turned into profitable and industry transforming solutions.

The Alliance is devoted to an end-to-end concept with resources and capabilities to present, discuss, develop and prototype solutions for the airline and travel industries side-by-side with our clients.

We are excited to begin sharing with you the insights and innovations being developed by our Alliance. Our combined experience will create competitive advantages for our clients. Of course, our focus goes beyond leveraging new opportunities. The Alliance is about shaping the future of flight. It is about reconnecting passengers with airlines. It is about creating flight's Golden Age of the Digital Age. So no matter what turbulence shakes the airline industry, Alliance clients will be prepared to face it.

About Amadeus
Amadeus is a leading provider of advanced
technology solutions for the global
travel industry. Customer groups include travel
providers (e.g. airlines, hotels, rail and ferry
operators, etc.), travel sellers (travel agencies
and websites), and travel buyers (corporations
and travel management companies).

The Amadeus group employs around
14,000 people worldwide, across central sites
in Madrid (corporate headquarters), Nice
(development) and Erding (operations), as well
as over 70 local Amadeus Commercial
Organisations globally and has a presence
in more than 190 countries. The group
operates a transaction-based business model.

Amadeus is listed on the Spanish Stock Ex-
change under the symbol "AMS.MC" and is a
component of the IBEX 35 index.

About Accenture
Accenture is a leading global professional
services company, providing a broad
range of services and solutions in strategy,
consulting, digital, technology and
operations. Combining unmatched experience
and specialized skills across more than
40 industries and all business functions –
underpinned by the world's largest delivery
network – Accenture works at the inter-
section of business and technology to help
clients improve their performance and
create sustainable value for their stakehold-
ers. With approximately 373,000 people
serving clients in more than 120 countries,
Accenture drives innovation to improve the
way the world works and lives.

www.amadeus.accenture.com