Travel and transportation strategy consulting

Strategy consulting helps companies transform the way they do business. We help our clients achieve competitive advantage through a fusion of business, customer and technology strategies and an explicit linkage of critical issues to actions and results. We bring our clients the resources of IBM Global Services, the largest services company in the world, and the first-hand operational experience the IBM Corporation has gained over the course of its ten-year transformation.

Below is an example of our insights and work in the travel and transportation industry.

FOR AIRLINES, PROFITABILITY PRESSURE AND CHANGING CUSTOMER DYNAMICS TEAM UP TO REQUIRE IMPROVED MANAGEMENT OF CUSTOMER RELATIONSHIPS

The Issue:

Commerce, in the form of supply chain management, e-commerce, and enterprise resource planning, is the front-end buying process for airlines to sell their services. However, to be competitive, airlines need to understand that this is just one piece of a complex set of processes which must be integrated together to keep customers happy. At a time when new customers are scarce and the economy is slowly recovering, it is even more critical for an airline to retain existing travelers in order to grow their revenues. Building stronger relationships with customers is thus an imperative for airlines.

Our Perspective:

As airlines struggle to understand their most profitable customer segments, and the wants and needs of these segments, airlines will need to take on a comprehensive Customer Relationship Management (CRM) approach. The dual needs to better manage and retain the most profitable customers while simultaneously improving
profitability requires the use of customer-facing technologies with a high return on investment. Thus, a CRM approach needs to align with and complement the virtual low-touch, high-tech buying process of e-commerce, with service delivery in a low-tech, high-touch medium.

Case in Point:

An non-US airline was faced with changing customer dynamics that contributed to its declining profitability. The airline's customers had become accustomed to bargain fares, and were demanding low-cost flights. Likewise, customers were beginning to experiment with self service ticketing models, forcing the airline to transform its CRM strategy. Ultimately, the airline wanted to change its business model to reposition the company by creating a low-cost airline division.

To guide the repositioning of the airline, a joint IBM-airline company team developed an in-depth analysis of CRM strategies currently being used in the North American airline industry. Results of key analyses included an evaluation of the impact of September 11th on industry trends, a comprehensive business case for evaluating specific initiatives, a prioritization scheme for investments, and recommendations on how create an overarching CRM strategy. As a result of these decision-making tools, analysis and recommendations, the airline was able to selectively invest in and leverage new customer facing technologies that would enable a profitable transition to become a low-cost airline.

The team's expertise and analysis of the airline's customer-facing technologies helped the client think about how best to improve their profitability and market position through the development of improved customer-facing technologies.

DESPITE ECONOMIC PRESSURES, AIRLINES ARE STILL NOT FOCUSED ENOUGH ON DRIVING COST OUT OF INFORMATION TECHNOLOGY

The Issue:

Many carriers suffer from a lack of discipline with regard to their portfolio of technology enablement projects, and it is not uncommon to find an airline with multiple, overlapping IT pilot projects going on simultaneously.
Our Perspective:

Airlines must learn to better prioritize their technology enablement opportunities, be clear on the governance model, and focus on driving those projects with known cost reduction through to completion.

Case in Point:

A leading airline company lacked a strategy for their underlying infrastructure, and as a result, had overlapping IT efforts with multiple vendors. The company sought a strategy for the infrastructure which would allow them to fully capitalize on technology enablement opportunities and focus on fewer vendors. It wanted a strategy that would give it a greater ability to drive strategic development of technologies, cohesively manage the technologies, and cost efficiently develop technology.

A joint IBM-airline company team prioritized the eight to ten technology areas where clear strategies could drive most business value and positively impact the customer experience. The team then assessed the current state and prioritized gaps in capabilities versus the known business needs and IBM Research's vision of the role of emerging technologies. Finally scenarios of the future were developed and a road map identified to enable the transition.

As a result, the airline company was able to:

- consolidate its disparate technology platforms and efforts to drive cost reductions.
- align business priorities and elevate IT's ability to partner with the business

The airline also now has a robust strategy for deploying emerging technologies and clarifying their role for the airline. The airline is currently using a detailed action plan to enable the recommendations.

Additional links

Multiplying business value: The fusion of business and technology

Consultants have long proclaimed the need for strategic alignment between business and IT: Set your business strategy, and then determine how technology can help. Unfortunately, traditional alignment approaches invite risk and leave opportunities untapped. Higher returns can be achieved through a higher degree of strategic alignment - the fusion of business and IT.
Closing the performance gap: Back to basics for the U.S. banking industry

Banking institutions across America show a striking dichotomy in terms of stock performance. Those that remain at the top of the charts display strategies and attributes that consistently garner shareholder value. A recent study by the IBM Institute for Business Value suggests that while their methods may vary, these leaders share three distinct strategies.

Weathering the economic downturn… while moving ahead

While the economic downturn has hit some sectors and geographies harder than others, almost every business has felt its impact. At the same time, economic uncertainty elicits different reactions from different firms. Some organizations simply tread water, while others move ahead of competitors. As executives rethink their business strategies, they should consider a variety of approaches -- including some that are not immediately obvious given today’s uncertain economic climate.