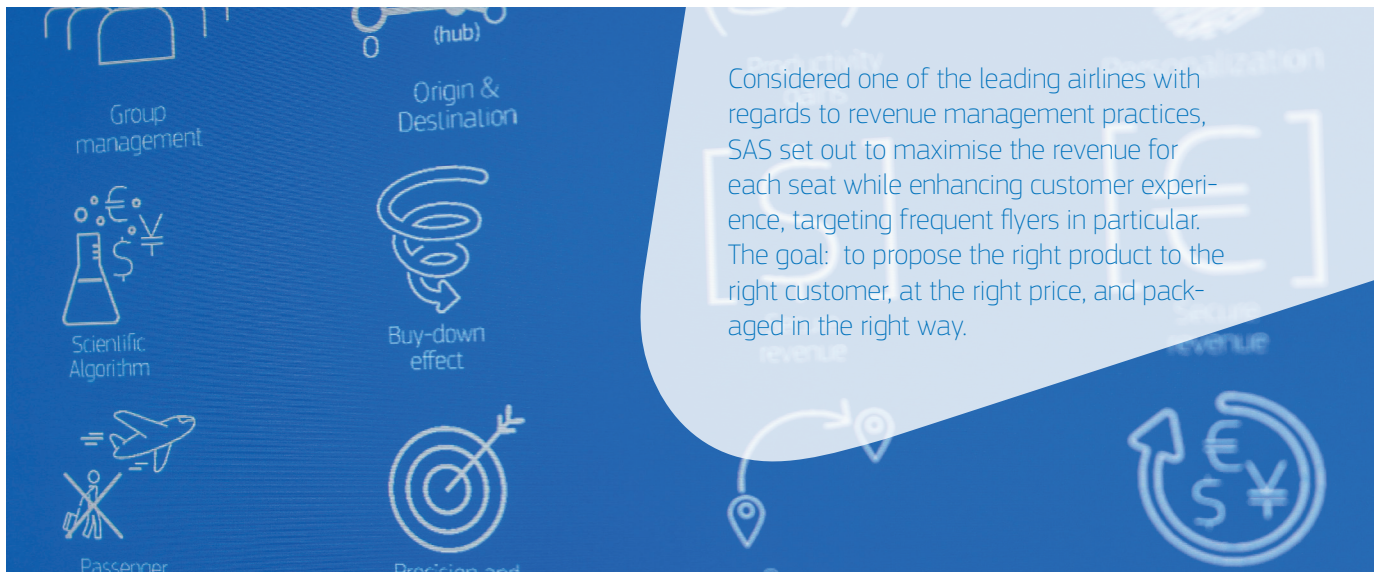


Turning network complexity into revenue opportunity with Amadeus Altéa Network Revenue Management



To achieve this, SAS established a unique partnership with Amadeus in 2013. Together, they combined their expertise within the Amadeus 'Revenue Management Centre of Competence' in Copenhagen where more than 20 SAS employees joined Amadeus teams to build a state-of-the-art revenue management system.

Alongside the delivery and implementation of the Amadeus Altéa Network Revenue Management solution which has been up and running since March 2015, Amadeus had committed to bring SAS even further in terms of revenue management: its full network is deploying the most advanced revenue management technology, including the first revenue management system with a customer choice model. The full project came to a close in November 2017.

The context

In the past few years, we have seen an industry trend moving towards more simplified fare structures or the removal of fare rules and fare conditions, mainly driven by low cost carriers. This evolution has put a pressure on traditional revenue management systems and the way traditional revenue optimisation is done. Legacy systems simply cannot provide an accurate picture of consumer demand to establish the best tailored offer for each traveller.

What's more, it is extremely difficult to manually optimise prices and forecast on a network as big as SAS'. The complexity of handling a large O&D network requires to have a good system support to be able to maximise revenues.

Scandinavian by name and nature, SAS professes 'safety, punctuality and care' as its operational priorities.

The airline maintains the highest frequency of departures to and from Scandinavia.

Aviation is a vital part of Scandinavian infrastructure:

Over 2 million

Scandinavians make more than 5 trips per year

70%

of all ticket sales account for frequent flyers

📍 Why Altéa Network Revenue Management

Amadeus Altéa Network Revenue Management addresses the new ways travellers shop and the air products are sold, using a unique, innovative customer-centric model. It provides tools to efficiently manage fenceless fare structures and fare family products, beyond O&D sales. The integration of Amadeus Altéa Network Revenue Management within the Amadeus platform gives airlines instant access to vast amounts of high quality data, which enables faster and more informed decision-making on pricing and real-time availability. This helps achieve maximum profitability on each individual sale.

📍 SAS implementation

SAS had an in-house solution which was already very advanced. They were among the first airlines to move to O&D revenue management in the early 90s along with American Airlines. So shifting IT systems was a big move, a real business transformation and the biggest issue SAS faced was internal: changing people's mindset, helping them adapt, learn to trust the system and use the new functionalities. The implementation itself and everything around it (training, learning to use the system...) was carried out smoothly. Of course, the journey does not end when the cutover happens. It is a continuous learning curve and Amadeus provided full support throughout the whole process.

📌 Key benefits for the airline

Supporting execution of SAS revenue management strategy

As mentioned, SAS overall revenue management strategy is to maximise revenue on each seat (known as RASK - Revenue per Available Seat / Kilometer). Altéa Network Revenue Management offers a fully automated process to achieve this, while allowing SAS to manually intervene, when the macro environment calls for some adjustments. SAS can also act on certain routes where the focus is more on volumes/market shares, than on the RASK.

Compared to the legacy system, Altéa Network Revenue Management provides a better support to SAS revenue managers, with dashboards to help them fine tune their decision making. In particular, it is now easier to establish forecasts or to assess the traveler's willingness to pay, as well as to monitor and intervene on the yields.

Contributing to positive business results.

“Higher revenue resulted in a significant boost to earnings in the quarter. This is an encouraging trend that motivates our continued change efforts to meet global competition and a volatile macro environment, and to create scope for the necessary future operational investments.”

Rickard Gustafson
CEO Scandinavian Airlines



As a key differentiator

Amadeus is offering its multiple fare family optimisation feature for SAS's network to counteract the buy-down effect. This means the airline can now estimate what should be the lowest available fare in each fare family to maximise revenue, for any given O&D travel solution on any given date. Forecasting methods take into account such elements as passenger travel purpose, willingness to pay, and product preference, to establish what is the optimal trade-off between the number of passengers buying, and the price at which they are buying.



“As a key qualitative improvement, we are now able to focus more on steering our flows at a “higher” level, meaning we can actually make our own markets, which share the same kind of steering.”

Amadeus Altéa Network Revenue Management solution allows airlines to:

- 🔍 Maximize revenues with a more in-depth understanding of the airline's network business and apply the network strategy consistently across all channels.
- 🔍 Improve revenue management controls thanks to the full integration with the Altéa suite, giving access to qualitative and timely data, which enables enhanced forecasting across the whole network and automatic recalibration of model parameters.
- 🔍 Avoid revenue dilution caused by the 'buy-down' effect, with real-time fare adjustments according to willingness to pay, applied in the forecasting and optimisation process.
- 🔍 Materialize the full benefits of O&D systems thanks to hands-on support from Amadeus experts and a powerful automated decision-maker solution, which frees up airline analysts to focus on value-added tasks.

- 🔍 Prepare for the future with a revenue management solution that integrates fully into the Altéa PSS and is compatible with multiple IT and distribution systems - all of which benefit from Amadeus's continued investment into future-proof airline technology.

About Scandinavian Airlines

The flag carrier of Denmark, Norway and Sweden, and a founding member of Star Alliance, SAS is the single largest airline in the region, operating the Scandinavian / Europe / Asian / US markets, and serving nearly 30 million passengers per year. One of the first airlines to have implemented origin & destination-based revenue management systems and processes in the early 1990s, SAS has long been acknowledged as a leader in this area.