



Amid slowdown, airlines' IT spend expected to rise

Rachana Khazode
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Cost pressures have forced the airline industry to look at deploying IT tools to automate parts of their service chain. Airlines, as well as airports, are increasingly looking at self-service kiosks, automated boarding services and other intelligence-based IT tools to help them reduce labour and transaction costs, according to a survey on airport IT trends by Societe Internationale de Telecommunications Aeronautiques (SITA).

IT and telecommunication spend of the airline industry is expected to increase from 3.2% of the total revenue in 2007 to 3.4% in 2008, points out the survey, which was carried out by SITA in collaboration with Airline Business and ACL.

Maneesh Jaikrishna, director, sales and relationship management, South Asia and India, SITA, said, "Globally, airlines are striving to reduce staff and transaction costs and are therefore looking at web and mobile check-in and other intelligence-based applications.



(Left) A passenger uses an automated check-in machine *Bloomberg*

The Indian airline industry is also moving along similar lines."

The report points out that about 35% of the airlines globally are expected to invest in (self-service) automated passenger boarding gate systems; another 32% are expected to install remote

(off-airport) passenger check in systems within the next two years. Incidentally, Transaero, Russia's third largest airline, recently signed a five-year, multi-million dollar agreement with SITA for a passenger management system.

"The current economic slowdown in the airline industry will push airlines to look at optimising their costs and focus only on projects that provide immediate benefits," said Kapil Arora, partner, Ernst & Young.

In this context, Pankaj Dhume, president and CEO, BMC Software,

said, "Hiring and re-training for airline companies turns out to be costlier than investing in IT tools. Also, as the number of people increases, it becomes complex to manage them." He added that in such a scenario, automation is expected to reduce operational costs for airlines.

BMC software recently tied up with Thai Airways for deploying IT service management solutions for the company, under which it will help the airline optimise its IT and streamline customer service workflow.