IBM

Jetstar: Keeping airfares low through self-service

Overview

■ **Business Challenge**

Jetstar, a leading Australian low-fare airline, needed to support its aggressive growth strategy by making its terminal operations faster, leaner and more efficient, through enabling its customers to bypass lengthy check-in lines.

■ **Solution**

Teaming with IBM, Jetstar deployed an advanced self-service kiosk solution and traffic flow design that allows passengers to obtain boarding passes and baggage tags, as well as drop off checked baggage, without having to wait in long lines at the check-in counter.

■ **Key Benefits**

— *10 - 50 percent increase in passengers using self-service channels*

— *Increases capacity and check-in speed without adding staff*

— *Reduces overall costs to keep airfares low.*

The airline industry is facing unprecedented challenges worldwide. Squeezed by increasing passenger traffic, skyrocketing costs and ever-slimmer operating margins, many airlines have been forced into bankruptcy.

But some have found ways to not only survive, but thrive in today's environment, by coming up with innovative ways to make operations more efficient and cost-effective. A leading example is Australian budget carrier Jetstar. The Qantas affiliate has aggressive plans, seeking to grow its passenger traffic by 40 percent by the end of 2009 by adding new aircraft and taking on routes that the larger airlines cannot

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– Alan Joyce, CEO, Jetstar

Making customers part of the solution

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serve profitably. Jetstar also plans to expand internationally, through joint ventures with other airlines in the Asia-Pacific region, employing a franchise model that leverages Jetstar's intellectual property and other assets.

To achieve these ambitious goals, Jetstar needs to make its operations as lean and efficient as possible, while maintaining its hard-earned category-leading customer satisfaction rates. Jetstar has another challenge facing it, one that is even more pressing than the need for cost savings. Limited capacity at many of the smaller airports that the airline serves places a cap on growth, all else being equal. At many terminals, there is only so much space available for check-in counters and airline employees. Since the physical capacity of terminals cannot be changed by the airline, the only way to address the issue was to find a way to move passengers through the terminal faster.

Taking customer self-service to new heights

Capacity was the main driver for Jetstar, and its solution was self-service. The airline's vision of the future is to shift some of its business processes to the customer, giving the customer ways to bypass the check-in counter entirely. The solution: next-generation, multifunction kiosks at Jetstar terminals.

While initiatives such as Web-based check-in and boarding pass kiosks are not new, Jetstar is taking the process to the next level, making the end-to-end process one of the fastest in the world. The key is outsourcing the entire in-bound process, from ticketing to check-in to seat selection to baggage processing, by having the customers themselves perform these functions.

This allows the airline to address multiple challenges with a single solution, says Alan Joyce, Jetstar CEO. "The overall growth plans for Jetstar are supported by kiosks and Web check-in. Because we're a low-fare airline, it's very critical for us to be able to continue to offer efficiencies to our customers. Web check-in and kiosks allow us, in some very space-restricted airports, to be able to cope with growth over the next few years without having to employ more people and install more desks."

There's a delicate balance to be struck. Airline passengers around the world are feeling increasingly frustrated with shrinking levels of service and rising costs. What was once complimentary must now be paid for, and the trend towards shifting responsibility to the customer shows no signs of slowing. Any efficiency or cost-saving measure must be seen by customers as a benefit if it's to succeed. That's why Jetstar has emphasized convenience with its kiosk solution. The passengers are performing many tasks that were once handled by airline employees, but the end result is perceived as increased passenger convenience, not increased workload.

Solution development as fast and lean as the airline itself

Jetstar is known for being a fast-moving organization not bound by administrative hurdles, and the self-service project was no exception. The RFP for the project was issued in late spring 2007, and IBM delivered the first-phase kiosks only eight weeks later.

Working with a single vendor was important to keeping the project on track, says Stephen Tame, general manager of IT at Jetstar. "The last thing we wanted to do, given that we only had a very short timeframe, was to look at a multi-channel/multi-partner type of environment. With IBM able to provide us with both the Web check-in and the kiosk solutions and all the necessary infrastructure, we were able to get the business outcome we were aiming for." IBM was able to handle the entire project as quickly as it did thanks in part to an IBM Global Business Services organization based in Canada, the Self Service Competency Group. The group handled the design and development of the self-service check-in application, the kiosks and associated peripherals, and the Internet-based check-in application.

Jetstar also brought in IBM Global Technology Services for platform integration with Jetstar's existing applications and infrastructure as well as deployment services. In addition, IBM was contracted to provide kiosk repair and maintenance, and help desk services.

The core of the solution is an IBM-developed application platform that is in full compliance with the International Air Transport Association's common use self-service (CUSS) standard for airline kiosk solutions worldwide. The unified enterprise solution allows the airline to serve multiple self-service channels including the Web and widely distributed kiosks. It also has the ability to extend to as-yet untapped channels, such as mobile phones. Deployed on an infrastructure consisting of IBM BladeCenter® servers with WebSphere® Application Server Express, the total solution has the high degree of scalability needed to roll it out across Jetstar's entire service area.

Positioning for the future

One of the most important aspects of the CUSS-compliant solution, according to Stephen Tame, is its flexibility. "The platform will also provide the technology frame-work necessary for Jetstar to deliver future innovations aimed at further enhancing the customer experience at airports," he says. Jetstar is continuing to work with IBM to identify new ways to leverage technology to improve its operations.

Solution Components

Software

- Custom IBM-developed self-service application platform
- IBM WebSphere Application Server Express

Servers

- IBM BladeCenter

Services

- IBM Global Business Services
- IBM Global Technology Services

Smarter Travel & Transportation

To address the multiple challenges of physical capacity limits, competitiveness, cost savings and narrowing margins, Australian low-fare airline Jetstar teamed with IBM to deploy a next-generation self-service kiosk solution at airports across its territory. Seeking to take the concept of passenger self-service to a new level, the Jetstar solution outsources the entire inbound process—from ticketing to check-in to seat selection to baggage processing—to the customer. The result is increased throughput and lower fares, without sacrificing customer satisfaction.

New ways of doing business, enabled by technology, are essential to the long-term viability of Jetstar, according to Tame. "We simply need to find smart and efficient ways to help tackle the future increase in customer volume, while identifying opportunities that will enable us to drive differentiation from our competitors," he concludes.

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