AGILITY MAKES YOU BETTER!

Frederic Ducros
Group Chief Transformation Officer, Air Asia
personal
This is personal. So… NDC?
Frederic Ducros
Deloitte, KPMG, agi.li, transform.ng
Ex-Chief Transformation Officer, **AirAsia Group**
Ex-Change Management, Cathay Pacific
I do not represent either
Just sharing experience of #transform
personal
This is personal. So... these $50m?
Good judgment comes from experience and bad judgment comes from experience.
3 journeys
3 journeys

1. Mind
2. Hand
3. Heart
1. Dare to dream

2. Make it happen

3. Bring People with you
A “dreamer”
A simple idea

NOW EVERYONE CAN FLY
A passion for fun & play
Airline
1 country
2 planes
200 people

Low-cost

Online
Airline

1 country 7 airlines
2 planes 250+ planes
200 people 22,000 people

Low-cost

Large fleet

Online

Digital
Profits, continuously
Awards, more awards
A great brand
WHY CHANGE?
Internal pressure
We have outgrown our old ways of working.
Comfortable

Confident

Driven

Bold

Winners make their own luck.
We had to ... bridge the gap ...
External pressure
Crowded skies... and airports!
Talent race - digital
Talent race - pilots
We had to ... up our game
WHY NOW?
Change from... to...?
Before my time

Multiple businesses → One business
my initial focus

Fast fast fast → Lean & Fast
Doing digital → Being digital

big trend play
AirAsia 1.0

1 country
2 planes
200 people

Low-cost

Online
AirAsia 1.0 vs AirAsia 2.0

- **1 country**
- **2 planes**
- **200 people**

**Low-cost**

- **Online**

---

- **9 airlines**
- **250+ planes**
- **22,000 people**

**Large fleet**

- **Digital airline**
AirAsia 1.0  |  AirAsia 2.0  |  AirAsia 3.0
---|---|---
1 country  |  9 airlines  |  9 airlines  
2 planes  |  250+ planes  |  250+ planes  
200 people  |  22,000 people  |  22,000 people  

Low-cost  |  Large fleet  |  Finance, Insurance, 
Online  |  Digital airline  |  Logistics, Retail, F&B, Telco ...

Digital  |  business  |
WHAT FOR?
Now everyone can fly → Now everyone can dare to dream
Now everyone can fly  

Now everyone can make it happen
Now everyone can fly
A simple idea
A lifestyle platform
1. Dare to dream

2. Make it happen

3. Bring People with you
Grow a lifestyle platform
Grow new offerings
Grow new offerings across AirAsia
Grow new offerings across AirAsia to sell more ancillary
Grow new offerings across AirAsia to sell more ancillary meals, hotels, activities, packages, transport, flight on other airlines
Grow new capabilities
Better customer service
Better customer visibility
Better corporate travel and travel agent booking
Good foundations
Standardise & simplify processes

Improve value chains

Digitise & Automate

Keep local when useful

Document as we go
Great(er) processes

Start

. Too simple or convoluted
. Incomplete, inconsistent
. Siloes

→ End

. Fit-for-purpose
. Complete, consistent
. Value chains
Know what others do and how:

- Customer interviews
- Gemba walk
- Value stream mapping
<table>
<thead>
<tr>
<th>AirAsia 1.0</th>
<th>AirAsia 2.0</th>
<th>AirAsia 3.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 country</td>
<td>9 airlines</td>
<td>9 airlines</td>
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<tr>
<td>2 planes</td>
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- **Low-cost**
- **Large fleet**
- **Online**
- **Digital airline**
- **Digital business**

- Finance, Insurance, Logistics, Retail, F&B, Telco...

**Interaction Digitisation Automation Analytics**
AirAsia 1.0
- 1 country
- 2 planes
- 200 people

Low-cost

Online

AirAsia 2.0
- 9 airlines
- 250+ planes
- 22,000 people

Large fleet

Digital airline

AirAsia 3.0
- 9 airlines
- 250+ planes
- 22,000 people

Finance, Insurance, Logistics, Retail, F&B, Telco ...

Interaction Digitisation Automation Analytics

New ways of Working
New people
New culture
We have a lot of Data to drive ecosystem expansion

BIG Data and Real-time Insights

Available data source
Potential new data source
Great(er) data

Start

. Siloed data sets
. Incomplete, inconsistent
. Enterprise systems/data

Vs. Shadow IT

End

. Harmonised data sets
. Complete, consistent
. Enterprise systems/data

for Personal uses

How?
Experience ➔ Measure ➔ Automate

Appreciate ➔ Improve ➔ Optimize

Key factor ➔ Facts ➔ Data
Go for simple Interface
And powerful Connections
Focus on 5 innovation themes...

- Maximise Revenue
  - Dynamic Pricing
  - Distribution channels
  - Unsold inventories
  - New ancillaries

- Excel operationally
  - On-time performance
  - Passenger satisfaction

- Help our Allstars
  - Collaboration
  - Process automation
  - Decision support

- Delight Customers
  - Check-in
  - Boarding
  - Servicing
  - Preferences

- Explore the future
  { Secret :) }

Interaction - Integration - Analytics - Decision Support - Automation
1. Dare to dream

2. Make it happen

3. Bring People with you
The madness
Crazy. Sexy. Cool
The method
Collaborate to Deliver

Reflect to Improve

Collaborate

Improve

Deliver

Reflect
Prepare
• What matters most
• What to learn
• What to align on
• What to do first

Meet

Follow-through
• Do the work
• Measure
• Share
100s meet every 2 months

Revenue  Customer experience

On-time  Leadership & engagement

Your deliverable for “the real matters”

<table>
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<tr>
<th>Topic</th>
<th>Goals</th>
<th>Reality</th>
<th>Align</th>
<th>Know</th>
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<tr>
<td></td>
<td>different views of reality</td>
<td>different views of reality today</td>
<td>agreements &amp; disagreements</td>
<td>what we know-for-sure vs. not</td>
</tr>
</tbody>
</table>
Work together better, more often, in more ways

Get clear
- Where we are
- Where we want to be
- What matters most
- What to learn/confirm
- What to agree/align on
- What to do first

Feedback
- Workshops
- Exec priorities
- Backlog

Get done
- Explore
- Experiment ideas
- Pilot solutions
- Solidify solutions
- Scale across group
- Embed in day-to-day

Get better
- How we learn
- How we disagree
- How we realign
- How we negotiate
- How we decide
- How we deliver

Improve Practices
- Research
- Ideate
- Ideate (pivot)
- Scale
- Scale
- Scale
- Embed

Grow Executives
- Managers
- Avengers
- Allstars

Retrospectives & adjustments to the way we change

Training, Assistance, Advisory, Mentoring, Coaching

1-4 weeks
The touch
Customer first
Create a safe space for people to share
Managers engage everyone in their & other teams.
Allstars find ways to contribute

“Founders” make it happen

Allstars find ways to contribute
Everybody takes charge
How do others handle exploration & appraisal?
Exploration
Identification: Exploration

Creating value

Stage 1: Identify
Stage 2: Explore
Appraisal
Qualification: Appraisal & Development

Creating value

Stage 1: Identify
Stage 2: Explore

Adding value

Stage 3: Appraise
Stage 4: Develop
Production
The long game

Creating value

Stage 1: Identify
Stage 2: Explore

Adding value

Stage 3: Appraise
Stage 4: Develop

Realising value

Stage 5: Produce
Stage 6: Return and re-invest

Value created
1. Dare to dream
2. Make it happen
3. Bring People with you
See the big picture
barcode

Learn to see High-tech OEM
Ecosystem:

- Users
- Decision makers
- Enablers (op, partners)

- Pains to address (or account for)?
Decide (for now) Indo insurance 3 markets

Upper market

Mid-market

Lower market
Decide
(for now)

- End game?
- First move?
- Partner to start with?
- Play with?
- Pilot?
- Deploy?
case > business case
1. Dare to dream
2. Make it happen
3. Bring People with you
A bad system will beat a good person every time.

or robot
Build a core team

Transformation Acceleration Office
• A pace
• A space
• A group of “helpers” (coaches, trainers, etc.)
Partner enablement

To…

• Acquire
• Train & test
• Engage & reward
• Re-engage or let go
Product Management

To manage:
- Inquiry
- Features
- Roadmap

Microsoft. SAP. Amazon.
1. Dare to dream
2. Make it happen
3. Bring People with you
Start with you
Adopt micro habits
Train everyone on the job

Sales

Developers

Business Analysts

Domain Experts

Project Managers
Train all

On the job:
• Find a need
• Align with manager(s)
• Micro-train everyday
• Train through play
• Mentor first attempt
• Support as needed
Finally...

GOOD JUDGMENT COMES FROM EXPERIENCE

AND

EXPERIENCE COMES FROM BAD JUDGMENT.
Finally...

let it go
INDUSTRY INNOVATION

Stephan Copart
Head of Projects and Innovation, IATA
Innovation @ IATA
WE SUPPORT AIRLINES TO BECOME BETTER RETAILERS IN TODAY'S DIGITAL WORLD.
WE SUPPORT AIRLINES TO BECOME BETTER RETAILERS IN TODAY’S DIGITAL WORLD.

- Personalized and dynamic offers
- In control of distribution
- In control of payment
- Customer centric
- Think true retailing
- Broaden partnership

- Anticipation of tomorrow’s new challenges
- Digital Airline Vision
- Building digital capabilities
- Move from automation to digital
- Engage with the digital native
A WELL-ROUNDED ECOSYSTEM

We push innovation forward and accelerate industry transformation.

We do this by connecting pioneering players, know-how, tools and an innovative spirit.

- STRATEGY FOR SPEED
- AIRLINES TO BECOME BETTER RETAILERS IN TODAY’S DIGITAL WORLD
- INNOVATION PILLARS
- STARTUPS & NEW ENTRANTS
- INDUSTRY EXPERTISE
- PROJECTS
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<td>Technology Provider</td>
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Innovation Technology and Infrastructure
IDEATE

4 new ideas per year
Key projects generation:
(e.g. NDC-ONE Order-ONE ID- ID Management – IATA Pay)
Building a community

PARTNER

> 75 partners
> 5 Accelerations per year
> Change Management

EXPLORE

> 5 AI POCs in 2019
Strengthen our initiatives and solutions
Data driven Organization

DEVELOP

14 Hacks | 55 winners
> 200 developers in the community

ACCELERATE

Hack: 28 MVPs | 19 Implement.
5 Acceleration sprints per year
Accelerate@IATA Batch0: 7 startups in the program

ENGAGE

> 600+ delegates @ AIRS
The place to be for airline retailing
> Mobilization (Leader Board)
> ONE Innovation @ IATA
ACCELERATE @IATA
The First Industry-Owned Startup Accelerator
Accelerate @ IATA
Purpose

Accelerate standard development & adoption | Stimulate competition | New entrants

Define business and technology theme

3 month program | Adjust solution to demand | Connect startups with industry

Pilots and Implementations

New entrants offering sustainable solutions | Accelerate adoption
ACCELERATE@IATA
The First Industry-Owned Startup Accelerator

Amir Amidi
Managing Partner, Travel and Hospitality, Plug and Play

Kat Morse
Project Manager Innovation, IATA
The First Industry Owned Startup Accelerator
We help you build your global reach
We give you line-of-site across different industries.

- Brand & Retail
- Cybersecurity
- Fintech
- Food
- Energy
- Enterprise 2.0
- Health
- IoT
- Insurtech
- Mobility
- New Materials
- Real Estate
- Supply Chain
- Smart Cities
- B2B Distribution
- Travel
- NEW
- Distribution
- NEW
Early-stage startups
Funding less than $5M

Stage-agnostic

Late-stage startups
Funding greater than $50M

Mid-stage startups
Funding greater than $5M

Early-stage startups
Funding less than $5M

Very early-stage startups
Funding less than $1M

15,000+
Startups in our Ecosystem
Our Selection Process - Accelerator Program

1000 Startups Sourced
100 Startups Shortlisted
40 Startups Reviewed
20 Startups Accelerated
5 Startups Invested
Educational Modules from IATA SMEs

Mentorship from Corporate Partners

Startup Coaching from Plug and Play

Goal = Pilots & Implementations with Startups
ACCELERATE@IATA

The Startups’ view

Tim Rogers
Head of Airline Partnerships, Duffel

Jonathan Newman
Chief Commercial Officer, Caravelo
ACCELERATE @ IATA

Duffel

(caravelo)
ACCELERATE@IATA
The Airlines’ view

Andrew Webster
Digital Business Transformation Manager, Shop Order Pay, International Airlines Group
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Contact us!

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PROJECT TRULYME – AIR THINK TANK 2019

Marie Masserey, Head Industry Architecture, IATA

Akira Mitsumasa, Vice President Global Marketing, Japan Airlines

Jesko Neuenburg, MD Aviation, Seabury Consulting

Brian Lewis, CTO, OpenJaw Technologies
Project TrulyMe
Smart Travel Objects you control.

Airline Industry Retailing (AIR)
Think Tank
Project TrulyMe

Akira Mitsumasu
VP, Global Marketing
Japan Airlines

Jesko Neuenburg
MD Aviation at Seabury Consulting

Brian Lewis
CTO at OpenJaw Technologies

Marie Masserey
Head Industry Architecture
IATA

AIR Think Tank 2019 Project supported by:

[Logos of collaborating organizations]
Current Situation

- Friction in customer experience
- Personalization falls short of expectations
- Interoperability challenges among travel service providers

There is an opportunity to increase communication and collaboration among travel service providers to enhance the traveler experience.
The Solution

• Traveler preferences and journey elements translated into smart travel objects
• Leverages distributed ledger technology
• Traveler controls permissions for data sharing
• Participants access data when traveler grants consent and legitimate interest exists
• Suppliers guaranteed information accurately reflects traveler's current preferences
• Stored traveler preferences can facilitate personalized offers
• Enables relevant mid-journey updates

Leveraging distributed ledger technology and smart travel objects will enable travelers to create, control and share personal and other preference data to increase personalization resulting in enhanced travel experiences
Showcase Prototype
Aligns with existing standards

1. Personal Identity Data
   - IATA One ID

2. Traveler Preference One Profile

3. Airline Product
   - IATA ONE Order
   A standard for smart travel objects that enables travelers to share journey preferences and other information with chosen suppliers

4. Other Journey Elements

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IATA
Thank you
We would like to hear from you
  • What did we miss?
  • Are you interested joining us to build a pilot?

Join us during the coffee break at IATA Innovation stand

Airline Industry Retailing (AIR)

Think Tank
Transforming Airline Retail in a World of Data and AI

IATA Airline Industry Retailing Symposium – October 31, 2019

Rob Ranieri
VP & Global Industry Offering Leader
Travel & Transportation Industries, IBM
IBM Personalized Pricing and Offers (PPO) asset covers multiple use cases while leveraging the same cognitive engine.
AI / ML will be part of a Digital Commercial future…

Radically changing the way customers interact with the airline through conversational technologies.

“Hey, Alexa…”

Personalizing offers to more diverse customers at more points in their travel experience.

Optimized pricing and availability decisions for a broader, more sophisticated product catalog.

Enabling more effective, more efficient, friendlier disruption recovery.
AI Applied to Offer Optimization

- More Diversity
- More Data & Analytics
- More Segments
- Situational Data
- Environment/Operations

Hundreds of Customer segment / scenario possibilities!!!

DEMAND

OFFER

» 4 Cabins (Flight Product)
» 40 Flight Related w/ 4 Values
» 20 Non-Air Products
» 20 Routing Options
» 6 Pricing Points

1.5M Offer Possibilities!!!

Tens of Millions of Customer-Offer Possibilities!!!

The Right Offer
AI Optimized Offers
Applied Machine Learning

Understands Context
Derive context of a customer interaction from customer, journey and product attributes (social data, destination insights, weather, etc.)

Forms Hypotheses
Identifies offer(s) to present to customers at touch points to increase the odds of conversion (e.g., lounge access, discounted upgrade, etc.)

Scores Hypotheses
Quantifies the effectiveness of each hypothesis via a "cognitive score".

Learns preferences
Analyzing buyer behavior data via contextual learning to continually improve customer centric recommendations

Cognitive engine conducts a continuous loop of selecting offers, monitoring responses and tuning it’s learning base. It NEVER STOPS.
Malaysia Airlines – Launch Partner

AI-based pricing leads to higher conversions & revenue during promotional campaigns

Customers that received personalized recommendations made over
20% more bookings than customers in the control group

54% more bookings in business class

Test Group members created 44% more revenue compared to Control Group members

Launch partner for IBM’s AI-based Personalized, Pricing and Offers (PPO) using proprietary AI algorithms analyzing hundreds of thousands of data points to dynamically deliver highly-personalized offers and pricing.