

# Digital Transformation

Changing the Passenger Experience

Eric Leopold

Director  
FDS Transformation



# Agenda



Big Picture



NDC

One iD

One ID



Baggage



NEXTT

NEXTT



# Future of airline industry – 2035

## Change drivers



Society



Technologies



Environment



Economy



Politics

3 IATA 2017 Survey: Future of the airline in 2035, conducted by School of International Futures (SOIF)



- In 2017, IATA conducted a study on the “Future of the airline in 2035” (<http://www.iata.org/policy/pages/future-of-airlines-2035.aspx>, also in the online press kit) with the School of International Futures (SOIF), a UK-based advisory firm.
- The study outlines 5 categories of change drivers: Society (e.g. new modes of consumption and aging), Technology (e.g. new modes of transport and artificial intelligence), Environment (e.g. alternative fuels and extreme weathers), Economy (e.g. price of oil and privatization of infrastructure), Politics (e.g. rise of populist movements and trade protections)
- These drivers will have various impacts on the future of the industry, leading to different possible scenarios

# Disruption by digital players (GAFA)



Inspire

- # Google
- # Facebook
- # Amazon



Shop/Pay

- # Google
- # Apple
- # Amazon



Travel

- # Google
- # Apple
- # Facebook
- # Amazon



Share

- # Facebook
- # Google
- # Apple



Digital players (e.g. Uber, Airbnb, Google Flights) are expanding their footprint across the customer travel experience, raising customers' expectations of their interactions with airlines.

Digital retailers have managed to build trust and to raise customers' expectations (seamless shopping experience, zero click payment, real-time information). Those new expectations become "the new normal" and more and more, airline customers are expecting airlines to provide the same level of service.

# Transformation horizons



#1 Enhance processes



#2 Build capabilities



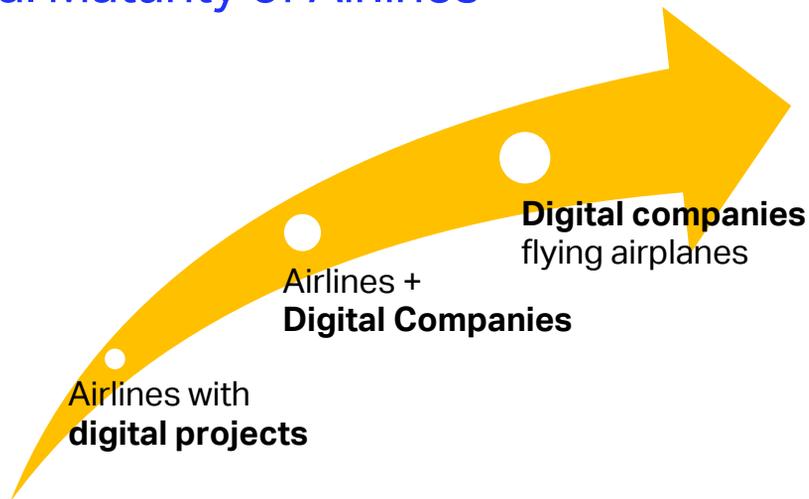
#3 Change Business Model

5



Horizon 1 = Enhance processes: automation, new processes  
Horizon 2 = Build capabilities: new distribution capabilities, new offer capabilities, new payment capabilities  
Horizon 3 = Change business model: Total disruption of existing model.  
What about pilots? What about airports? What about Air Uber?

## Digital Maturity of Airlines



Not all airlines will move at the same pace in the Digital Revolution but all understood Digital Transformation cannot be avoided.

- Some airlines are moving to digital projects (e.g. one project for digital distribution and payment)
- Others are still operating as airlines but created innovation labs or incubators on top of their core activity. Those airlines are creating digital companies with innovation labs.
- The most advanced airlines tend to define themselves as “Digital Companies flying airplanes” or as “giant start-ups”. Those ones are the leaders of the digital transformation in the airline industry.

# Digital Transformation in airline distribution and passenger experience

	Offers	Ticketing	Payment	Check-in	Baggage
Legacy process	Filed fares, inventory	Paper Ticket	Plastic cards	Paper Boarding Pass	Paper bag tag
Electronic	Automation	E-Ticket	E-wallets	Mobile Boarding Pass	RFID tag
Digital	No filed fares	No ticket	No cards	No check-in	
IATA Projects	Dynamic Offers	NDC / OO	IATA Pay	One ID	

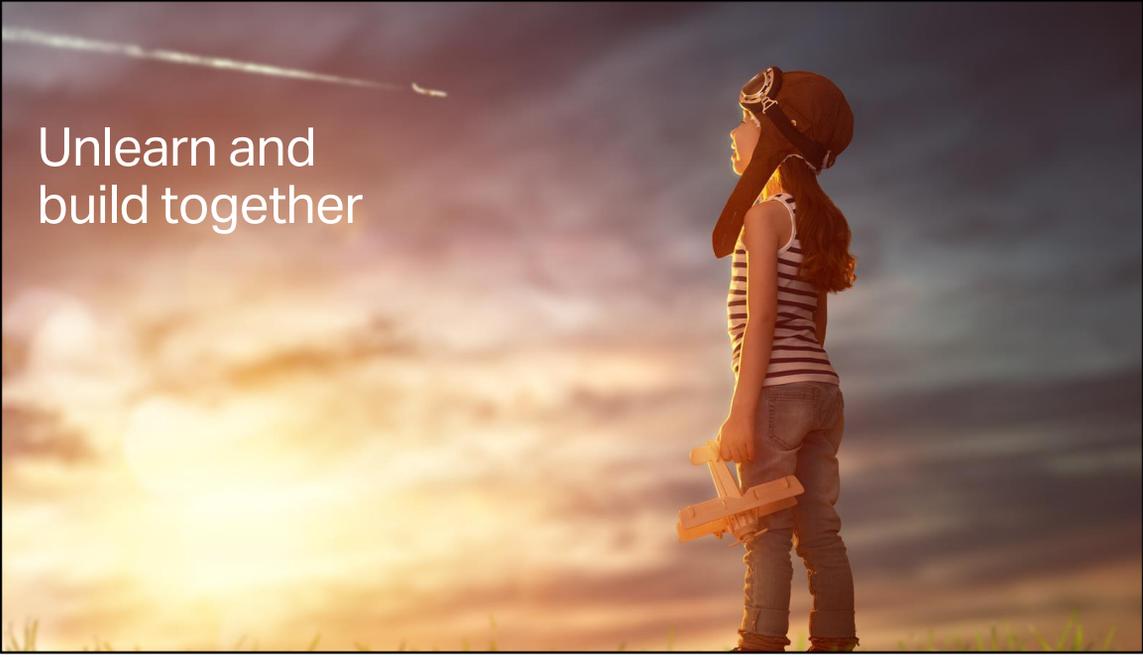
← NEXTT



The airline industry has embarked on a journey to transform the customer experience, from the time of shopping for travel to the time the suppliers are paid. At each step of the experience, legacy processes have been automated using technology and are now completely disrupted:

- The creation of offers started with filed fares, which were automated in electronic systems. In the future, there will be no need for filed fares, as described in IATA's Dynamic Offer Creation White Paper (<https://www.iata.org/whatwedo/airline-distribution/Documents/air-white-paper-dynamic-offer-creation.pdf>; also available in the online presskit).
- The fulfillment of orders started with paper tickets, which were automated with electronic tickets. In the future there will be no need for tickets, there will be just ONE Order.
- Customers are used to paying with credit cards, which were automated into electronic wallets. In the future, bank accounts will be connected directly, there will be instant payments for those who don't want to use credit cards. IATA will offer an instant payment solution called IATA Pay.

- Passengers had to check-in for a flight and get a paper boarding pass from a counter, which was automated into mobile boarding passes. In the future, passengers will be identified using "One ID" without check-in or boarding pass.
- Baggage handling has improved a lot recently, with enhancements including RFID tags and Baggage XML messages. For the next 3-5 years the industry will focus on upgrading the current infrastructure.
- IATA has a new program focusing on the future of airport and cargo for the next 20 years, called NEXTT.

A young girl wearing a brown pilot's hat with goggles and a striped tank top stands in a field at sunset. She is holding a wooden toy airplane. In the sky, a real airplane is visible, leaving a white contrail. The text "Unlearn and build together" is overlaid on the left side of the image.

Unlearn and  
build together

So, to sum-up, digital transformation means we have to "unlearn" the recipe that made this industry successful in the past decades, but also very complex, to "deconstruct" our legacy processes, and to build together the digital airline retailing world.

To "unlearn", or change paradigms, may sound scary to many people but the old paradigm has collapsed and is now replaced with the use of ride-hailing services. Digital companies have managed to build trust and airlines need to align to their customers' new expectations.

Thank you

Eric Leopold  
[www.iata.org](http://www.iata.org)

