

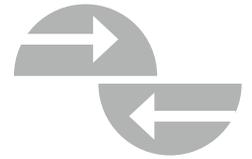
Revenue Optimizer: A Paradigm Shift

Leveraging Every Revenue Opportunity

By Jade Owens

Discovering new revenue streams and growing revenue is essential for today's thriving airline. Therefore, airlines must continually implement the latest technology to support these goals and maintain a competitive edge. Game-changing revenue-optimization technology is now available that enables airlines to leverage every revenue opportunity, leaving nothing on the table.

Sabre AirVision Revenue Optimizer addresses key challenges by helping airlines adapt, evolve, and strategically sense and respond to rapidly changing market conditions. The solution provides actionable insights so revenue-management analysts can easily manage and optimize total revenue beyond seats to include ancillaries and partnerships while also empowering them with intuitive workflows that will drive higher productivity from planning to execution.



Revenue-management systems are used to determine the optimal availability and price of a seat at any given point in time. The information required to make this decision depends on a number of factors, not all of which have traditionally been available.

The revenue-management paradigm shift demands a holistic, 360-degree approach to forecasting, analyzing and optimizing all revenue streams to help an airline maximize revenues and boost profitability. It also demands breaking down traditional departmental, data, systems and process silos that are still prevalent today at most airlines. In essence, carriers must become better retailers. In doing so, they will begin to understand the principles and value of total revenue optimization.

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Manage Changing Market Conditions

Revenue Optimizer empowers airlines to make decisions based on current rather than outdated data, leading to opportunities to increase revenues and gain a competitive advantage. With a real-time revenue-management system, the increased clarity and transparency of the data will create a more accurate picture of market dynamics at any point in the day.

Analysts can confidently allow the revenue-management system to operate on autopilot, allowing them to spend more time focusing on strategic analysis of the data. Furthermore, since the data collected in real-time is stored and used for historical analysis, it can provide much richer insights into market and passenger behaviors.

Commercial-Planning Integration

Revenue Optimizer's integrated approach to managing inventory with revenue-management controls empowers analysts to accurately monitor and perform actions with confidence. Additionally, enhanced integration that includes insights, such as the full or true origin and destination of each passenger booking, enables analysts to understand the booking behavior of passengers across the network.



▲ THE TOTAL REVENUE OPTIMIZATION CONTINUUM DEPICTS THE EVOLUTION OF AIRLINE REVENUE MANAGEMENT. TRADITIONAL REVENUE MANAGEMENT, INCLUDING THE SOPHISTICATED DECISION SCIENCE FOR FORECASTING AND OPTIMIZING LEG-SEGMENT AND O&D MODELS AND VARIATIONS THEREOF, FOCUSED ON SEAT REVENUE. TODAY, REVENUE MANAGEMENT HAS EVOLVED AND SHIFTED TO ALIGN WITH AIRLINE RETAILING AND THE NEED TO FORECAST AND OPTIMIZE ALL RELEVANT REVENUE STREAMS, INCLUDING ANCILLARIES, CODESHARES AND PARTNERSHIPS.

As revenue management evolves, understanding the entire scope of commercial planning is also vital to making the right decisions. Imagine selling a route for US\$500 when a key competitor introduces a special promotion for US\$350. Revenue Optimizer overcomes this challenge by uncovering all of the necessary data and presenting it in an easily consumable way that allows analysts to make decisions based on actionable insights.

Advanced Analytics

Revenue Optimizer is integrated with advanced analytics that forecast holistic and proactive views across multiple segments, revenue streams, markets and regions of the network with targeted and intuitive workflows. It accurately interprets large volumes of disparate data and delivers actionable insights and causal analysis to users.

In addition, analysts’ productivity improves as they manage revenue by “exception,” and focus their energies and resources on completing more strategic initiatives for the airline.

Leverage Customer Demand

The airline industry has shifted to a retailing mindset. The focus on fare classes and fare rules continues to regress, replaced by an emphasis on customer-centric knowledge with real-time data analytics and communication expertise. Revenue Optimizer enables airlines to provide decision-support for the retailing and merchandising facets of their operations and assists airline personnel in understanding their passengers’ requirements. At the same time, it allows for quick responses to competitive price, schedule and operational changes.

One of the greatest influences over the future success of an airline’s business and competitive standing in the market is the ability to understand who is traveling across its network and how much each passenger spends across all revenue streams. Such detailed traveler information exists; however, current revenue-management solutions have not incorporated the technology or the integration required to make this data readily available and accessible in a practical manner to support accurate, real-time decision-making that provides an airline with a competitive edge.

Maximizing Revenue Opportunities

Revenue Optimizer has transformed revenue management. For airlines to achieve total revenue optimization, they are redirecting their focus on non-traditional areas of the business to secure new forms of revenue including ancillaries and expanded codeshares and partnership agreements. With Revenue Optimizer, airlines are empowered to optimize all revenue streams, maximize market share and improve analyst productivity. ASCEND

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