Finnair in a nutshell

**Economic figures**
- Turnover: 1.6 MEUR
- Personnel: 11,462
- Profit 1999/00: 50 MEUR
- 7.7 million passengers, of which 2.9 domestic
- 2% IT spending

**Values**
- Customer based
- Honesty
- Sense of responsibility
- Justice
- Respect of others

---

1993 - 1995

- **Airline**
- **Call Centre**
- **ATO/CTO**
- **Travel agent**
- **TA**

Direct (20/25%)
Indirect (80/75%)
1997 - 2000

**Airline**

- Call Centre
- ATO/CTO
- Web Site
- Corporate Direct

**Travel agent**

- Electronic Travel Agency
- Corporate/TA
- Corporate/Web
- TA

**TT** = Traditional Technology  
**WT** = Web Technology  
**SU**  
**PL**  
**Corp.Trav.**  
**JV**  
**SAP**  
**Vista**

**direct (25/30%)**

**indirect (75/70%)**
## Direct Channel

<table>
<thead>
<tr>
<th>Channel</th>
<th>2003 - 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airline</td>
<td>(40%)</td>
</tr>
<tr>
<td>ATO/CTO</td>
<td>SU</td>
</tr>
<tr>
<td>Web Site</td>
<td>PL</td>
</tr>
<tr>
<td>Direct</td>
<td>Corp.Trav.</td>
</tr>
</tbody>
</table>

**Legend:**
- TT = Traditional Technology
- WT = Web Technology

## Indirect Channel

<table>
<thead>
<tr>
<th>Channel</th>
<th>2003 - 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel agent</td>
<td>(10%)</td>
</tr>
<tr>
<td>Electronic Travel Agency</td>
<td>JV</td>
</tr>
<tr>
<td>New Concept</td>
<td>(TT+WT)</td>
</tr>
<tr>
<td>Corporate/TA</td>
<td>SAP</td>
</tr>
<tr>
<td>Corporate/Web</td>
<td>Corp.Trav.</td>
</tr>
<tr>
<td>TA</td>
<td>Vista</td>
</tr>
</tbody>
</table>

**Legend:**
- TT = Traditional Technology
- WT = Web Technology
Electronic channels
Development phases

Visibility
“Home page”
- Company presentation
- Contact information
- E-mail

Brochure
- Intranet development
- Finnair site available
  1995 - 96

Marketing
“More information”
- Product information
- Services pamphlets
- Press releases
- Campaign information
- Services for loyal customers

Added value
- Finnair on-line schedule information
  1997

E-commerce
“Orders”
- Price lists
- Exchange of information
- Order entry
- Availability
- Reports

Business
- Finnair on-line booking
- Finnair Extranet on-line booking
  1998 -

Today competition is based on business concepts rather than on products
Internet allows personalised services
The customers choose their contact channel and expect service 24 hours
Finnair’s goal is dominance on the home market
Collaboration is one success factor
Global coverage is achieved through oneworld alliance.
Skilled and motivated personnel enables fast development and best service
Finnair Internet Strategy

- Initiated by Commercial Automation 10/98
- Goal for the project 10/98
- Agreed with our Partner to conduct the work 11/98
- Interviews 11/98
  - Vice-Presidents to Client Manager and customers
- ISM meetings/workshops 11-12/98
  Sales, Relationship Marketing, Customer Service, Telephone sales, Marketing,
- Steering Group meetings 01-02/99
- Presentation to CEO 02/99
- Business case study with recommendation and approval by CEO 04/99

Today

<table>
<thead>
<tr>
<th>Area</th>
<th>Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet presence</td>
<td>Fragmented</td>
</tr>
<tr>
<td></td>
<td>Several stand alone solutions</td>
</tr>
<tr>
<td></td>
<td>Overall development is not coordinated</td>
</tr>
<tr>
<td>Sales and services process</td>
<td>Several processes</td>
</tr>
<tr>
<td></td>
<td>No coordination between different channels</td>
</tr>
<tr>
<td>Direct links to customers</td>
<td>Mainly information focus</td>
</tr>
<tr>
<td></td>
<td>No targeted offerings</td>
</tr>
<tr>
<td></td>
<td>No sensitivity to user profiles (excl. Finnair Plus)</td>
</tr>
<tr>
<td>Bypass others in the value chain</td>
<td>Channel strategy does not include the Internet</td>
</tr>
<tr>
<td>Develop and deliver new services</td>
<td>Service delivery is not coordinated between channels</td>
</tr>
<tr>
<td>Become a dominant player in the electronic channel</td>
<td>The market is open</td>
</tr>
<tr>
<td></td>
<td>Finnair does not play a major role on the home market</td>
</tr>
<tr>
<td></td>
<td>Cooperation with Oneworld is limited</td>
</tr>
<tr>
<td>Internet solution design, development and deployment</td>
<td>Limited resources and knowledge</td>
</tr>
<tr>
<td></td>
<td>Ownership spread in the organization</td>
</tr>
<tr>
<td>Customer data management</td>
<td>Customer data is spread in many systems</td>
</tr>
<tr>
<td></td>
<td>Many data standards in use</td>
</tr>
</tbody>
</table>
### From Today to the Target Environment

<table>
<thead>
<tr>
<th>Area</th>
<th>Today</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet presence</td>
<td>✓ Fragmented</td>
<td>✓ One strategy for Finnair</td>
</tr>
<tr>
<td></td>
<td>✓ Several stand alone solutions</td>
<td>✓ Common feel and touch</td>
</tr>
<tr>
<td></td>
<td>✓ Overall development is not coordinated</td>
<td>✓ Centralized development</td>
</tr>
<tr>
<td>Sales and services process</td>
<td>✓ Several processes</td>
<td>✓ One travel process across all channels</td>
</tr>
<tr>
<td></td>
<td>✓ No coordination between different channels</td>
<td>✓ Different customer types are identified and the content and offering are tailored to their profile across all channels</td>
</tr>
<tr>
<td>Direct links to customers</td>
<td>✓ Main information focus</td>
<td>✓ User sensitive and dynamic services and offerings</td>
</tr>
<tr>
<td></td>
<td>✓ No targeted offerings</td>
<td>✓ The degree of self service is high</td>
</tr>
<tr>
<td></td>
<td>✓ No sensitivity to user profiles (excl. Finnair Plus)</td>
<td>✓ Sticky relationships - long term competitive advantage</td>
</tr>
<tr>
<td>Bypass others in the value chain</td>
<td>✓ Channel strategy does not include the Internet</td>
<td>✓ Internet is an integrated part of Finnair’s channel strategy</td>
</tr>
<tr>
<td></td>
<td>✓ Service delivery is not coordinated between channels</td>
<td>✓ Finnair offers electronic services to selected user groups (travel agents, Corporate key clients, service providers)</td>
</tr>
<tr>
<td>Develop and deliver new services</td>
<td>✓ The market is open</td>
<td>✓ Finnair is the dominant player on the home market</td>
</tr>
<tr>
<td>Become a dominant player in the electronic channel</td>
<td>✓ Finnair does not play a major role on the home market</td>
<td>✓ Finnair is successfully benefiting from Oneworld solutions</td>
</tr>
<tr>
<td>Internet solution design, development, and deployment</td>
<td>✓ Limited resources and knowledge</td>
<td>✓ Centralized ownership and coordinated development</td>
</tr>
<tr>
<td></td>
<td>✓ Ownership spread in the organization</td>
<td>✓ Own development resources</td>
</tr>
<tr>
<td>Customer data management</td>
<td>✓ Customer data is spread in many systems</td>
<td>✓ One customer data base for marketing, sales and service delivery</td>
</tr>
<tr>
<td></td>
<td>✓ Many data standards in use</td>
<td></td>
</tr>
</tbody>
</table>

### Implementation Plan

- **Centralized ownership and coordinated development**
- **Own development resources**

### Finnair and Internet

**Drivers for change**

- **There are significant threats to Finnair both within and from outside the traditional travel industry.**
- **New technological possibilities enable the development and delivery of new services at a considerably lower cost level.**

**Core strategy**

- **There should be one Finnair Internet strategy with customized views and services with access control to selected users.**
- **Finnair should deploy an aggressive home market strategy to capture all travel related traffic into the Finnair site.**

**Primary means**

- **Define and develop one process that is supported across all channels first for Finnair Plus members and then gradually to all customer segments.**
- **Primary focus should be on enabling self service capabilities to enhance the service level and to lower cost.**
- **Make customer data available across all channels in one customer data base.**
Current Online Applications

Selecting an Appropriate Contract

Source: Lacity, Willcocks, Feeny
Finnair’s Partners

- Amadeus
- TietoEnator
- Sonera
- Nokia
- CRM Oy
- Helsinki University of Technology
- Helsinki Business School of economics
- New Media Companies
- oneworld

**E-commerce & Customer Service Applications**

<table>
<thead>
<tr>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>To secure Finnair’s visibility in different distribution channels world-wide, including utilisation of new technological capabilities</td>
</tr>
<tr>
<td>To develop customer service applications, in order to provide seamless travelling experiences to our customers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>To manage, develop and co-ordinate utilisation of automation within Commercial and Marketing Divisions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation</th>
</tr>
</thead>
</table>

*Knowledge, skills and attitude*
Task Descriptions

- Internet strategy
- Internet based product and process innovations
- Internet partnerships and IT co-ordination
- **One**world co-ordination
- World-wide online visibility
- Development project management
- Development priorities (Task Force)
- Home and hostile market co-ordination
- External and Internal communication

Online products

**Business class**
- Credit card
- D-class to be included

**Last minute product**
- Credit card
- Based on ARE forecast

**Campaign product**
- Credit card
- Summer and winter campaigns

**MultiFLYe**
- Account clients (billing)
- Electronic serial ticket
- To expand to Scandinavia

**Finnair Plus -online**
- Sign-in required
- To implement award booking

**Mobile services**
- SMS and WAP
- Timetable, arr/dep
- MultiFLYe (booking, re-booking)
- Several projects
Online Customer Process

- Scanning
  - customize web site
  - personal offer
- Planning
  - simple prices
  - online payment
  - payment with F+ mileage points
  - personal preorder offer
  - call center support
- Purchasing
  - flight suggestions, availability
  - destination data, details available, easy to compare maps
- Before flight
  - reservations visible
  - easy changes
  - schedule changes at the airport
  - personal seat and gate data
  - self service check-in
- Flying
  - personal seat
  - personal meal
- Arrival
  - taxi waiting
  - luggage status info ready at the desk
- Staying
  - room waiting
  - rental car waiting
  - concert tickets
- After trip
  - mileage points visible
  - online feedback
  - preordered breakfast

Mobile Extension to Customer Process

- Scanning
  - personal offer
- Planning
  - queue status
  - flight suggestion and acceptance
  - payment with F+ mileage points
- Purchasing
  - data connections allow working
- Before flight
  - reservations visible
  - schedule changes to the phone
  - personal seat and gate data
- Flying
  - paying by phone
- Arrival
  - status info to the phone
- Staying
  - mileage point status to the phone
- After trip
  - flight schedules
  - availability
  - mileage points visible
  - online feedback
  - preordered breakfast