

# FOUNDATION FOR THE FUTURE

FINDING THE RIGHT LOYALTY SYSTEM SOLUTION



CASE STUDY



## ABOUT US

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On Point Loyalty is a global consulting and investment firm focused exclusively on the airline loyalty space.

We partner with leading airlines, technology providers, financial institutions and investors to shape and realize their airline loyalty vision.

With tailor-made solutions, ranging from strategy consultancy to outsourced operating models, we help our clients to define the future – and create a competitive edge.

Our suite of Financial Planning & Analysis tools puts insights at the fingertips of program managers.

## AT A GLANCE

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A leading North American airline realized it needed to replace the core loyalty system used for its frequent flyer program.

The airline brought in On Point Loyalty to support them through the entire process. Selecting and purchasing a new system is not only a multi-million-dollar investment, it also is a significant commitment in terms of resources and future strategy.

On Point Loyalty worked with the airline to create a clear definition of the requirements, taking into account both the existing set-up as well as the vision for the future.

With a clear view across key business, functional and technical requirements, the airline was able to execute a selection process which was on-time and on-budget with the support of the On Point Loyalty team.

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## BACKGROUND

Frequent flyer programs have become an indispensable part of the airline business. With their strong cash-flow generating capabilities, and relatively stable performance, they can contribute a significant portion of the airlines' earnings.

At the core of the set-up is the main loyalty database, linked with a host of airline systems and external partners.

Changing the loyalty system is a significant undertaking, with inherent risk. The rationales for a cut-over vary. In some cases, the existing system can no longer meet the requirements of the business. In other cases, the existing system becomes obsolete – or uses software which is no longer supported by the original vendor.

Whatever the reason, there is a competitive offer in the market for new systems today. Next-generation systems provide a number of advantages, including richer functional capabilities and stronger marketing and targeting services.

Selecting and purchasing a new loyalty platform is a significant decision. Although a competitive market exists in terms of solution providers, the decision itself typically involves a multi-million-dollar investment over the course of the system's life.

Therefore, getting the requirements right is paramount in achieving the optimal outcome.

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The selection of a new core loyalty solution is a multi-million-dollar decision, and requires careful consideration across multiple factors

## THE APPROACH

Generally speaking, On Point Loyalty deploys project teams that are assembled specifically around the requirements of a client mandate. With our global roster of FFP experts, representing a wide range of disciplines, we are in a position to deliver the right mix of know-how and experience to our clients for each assignment.

In this case, On Point Loyalty deployed a core team representing a combination of two disciplines: strategy and technology.

The first task at hand was to gain a deep understanding of the current set-up. Through a combination of workshops and desktop research a solid understanding was built of the existing program.

Beyond the initial phase, the team worked with the airline's stakeholders to design the desired future state. Designing the future state involves multiple workstreams which combines various elements, including a mix of existing aspirations as well as strategic recommendations which arose during the review phase.

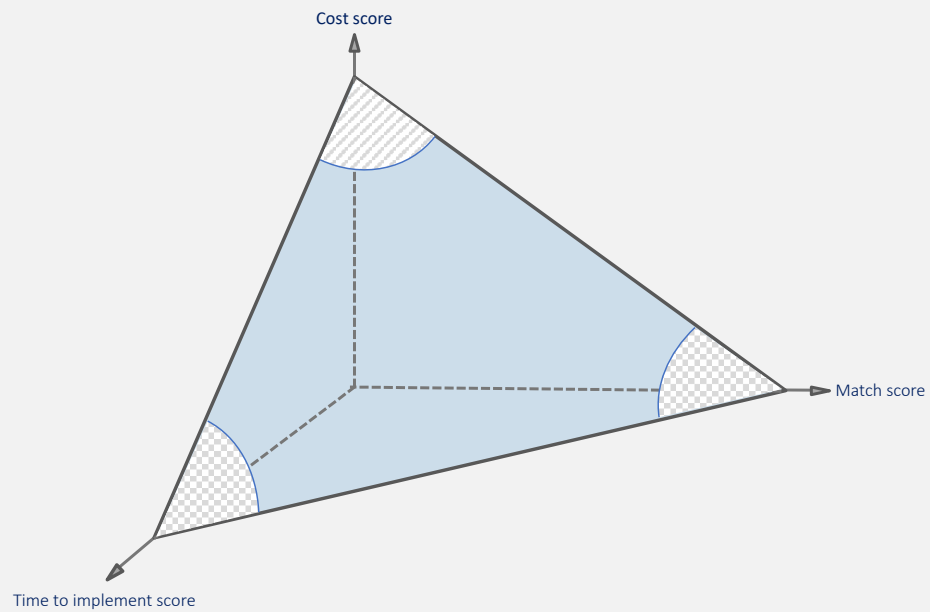
Together with functional experts at the airline, a clear definition was generated of the requirements, spanning commercial, technical, business, security, and operational areas.

Working closely with the procurement department from the airline, a competitive tender process was performed, which included a detailed evaluation strategy which was both comprehensive as well as very specific to the airline.

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A clear definition of requirements was created, spanning commercial, technical, business, security and operational areas

## BALANCING THREE KEY DIMENSIONS



Selecting a new system typically involves balancing three core dimensions. The visual shows how three key dimensions are interlinked.

## RESULTS

**A comprehensive view** The process of working through the requirements in great detail with all the relevant stakeholders ensures that the ultimate set of requirements is comprehensive. This is essential in order to be able to make a fair comparison between alternative solutions.

**Fit for the future** Our unique combination of strategic and technical expertise ensures that the requirements capture not only today's situation, but are also capable of delivering the future vision. This is an important element, considering that customizations down the line may result in significant costs for the airline.

**Consensus** The empirical and systematic approach of selecting the preferred solution partner ensures consensus within the organization. A robust scoring process was used, which provided the required transparency and accountability within the organization's ranks around the rationale for the final recommendation.

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On Point Loyalty's unique combination of strategic and technical expertise ensures that the requirements cover both the existing set-up as well as the desired future state

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