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Travel sector turns tech-savvy

Airlines, airports or railways—the role of technology in travel sector is becoming indispensable. The new trends in this domain are business analytics and mobility, sense IT-BPO vendors

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IT MIGHT be hard to recall the last time you actually went to an airport and bought your flight ticket, courtesy e-ticketing and online booking. It is intriguing to witness how a fascinating industry like travel is increasingly becoming dependent on technology and BPO support. No wonder, niche IT and BPO companies are taking the 'travel, transport and logistics' (TTL) vertical seriously in their expansion plans. The new trends in travel sector outsourcing, which service providers like NIIT Technologies, WNS Global Services, InterGlobe Technologies (IGT) are seeing include mobility solutions and business analytics. Customers are asking for much more in deals than what they asked two years back. They want to understand consumer behaviour and want business outcomes rather than just cliché technology solutions.

The \$36 billion global TTL industry is growing at an average rate of 15% year-on-year. Arvind Thakur, CEO of NIIT Technologies says, "The opportunity in the travel vertical is clearly in mobile technology. The other area is business analytics—this helps in studying customer base, routes, consumer preferences and trends. As a result, we create customised packages and offers for airlines etc. This trend is now gaining momentum."

The vertical contributes 35% revenue to the company and has been growing at a rate of 25% year-on-year. The TTL vertical comprises airlines, airports, surface transport and travel distribution. Airlines like British Airways contribute the highest to the vertical at 38%. NIIT Technologies has Singapore's Changi Airport as its client.

Throwing light on how mobile technology will lead the travel vertical, Vipul Doshi, CEO at InterGlobe Tech-



nologies says, "The maximum internet transactions happen in the travel sector. Travel e-commerce is on top of the business. Mobile apps are there for travel bookings and check-ins. Recently, mobile has been integrated with social media and there is an inspirational phase coming from new age media. IGT is enabling social media solutions—including social commerce, listening posts, social analytics, mobile apps. Mobile check-ins and tech solutions for such facilities is the future in the segment."

Travel sector, especially airlines are now looking at the outsourcing model seriously. Usually, customers like to have 50% in-house and other 50% outsourced work in the travel sector. Initially, companies tried to do almost all the work in house; they have now realised that outsourcing is a better option.

There is definitely a change in the demand of customers over the past two

years. Explains Keshav Muruges, CEO, WNS Global Services, "For a travel company or a travel portal, our employees are helping customers in taking the decision. For instance, when we attend customer calls for travel companies, we suggest them different kind of packages based on our expertise, and close the deal. We are actually helping travel companies sell now. Our people know the domain well and can actually help close business. We are focused on understanding client business so well that we can help in product design, as well as to sell the product." The travel vertical gets 23% revenues to WNS and employs 5,500 people globally.

Muruges further elaborates that the travel vertical is leading to work in other areas as well. "If you look at travel itself, traditionally we serviced airlines, but travel is a much broader word now. We are also servicing hotel chains, cruise lines, holiday players and

travel portals. We are growing across travel. When you say travel, it is not just airline alone."

Even Thakur agrees that in the last decade, customers wanted companies to just build technology. But now they ask IT vendors to improve their business. So most of the people hired today are domain consultants and Java programmers by IT companies to serve the travel vertical.

An aspect which cannot be left ignored is the present uncertainty in the economy. Commenting on the slowdown effects on travel, Doshi from IGT notes that though the economic slowdown leads to change in the dynamics of the travel outsourcing industry, IGT has not faced any shrinkage. In such scenarios, clients move work from other centres from a cost perspective. Hence, cost cutting in such situations has a positive impact on the business. It is true that BPO is more operational focused and IT discretionary projects are impacted more during slowdown. IGT was not impacted even in the 2008 slowdown. There might be pressures on pricing but IGT gets a premium for its domain expertise.

"Our business also goes up in the wake of mishaps like volcanic eruptions, hurricanes etc. Back office work increases by manifold times in such situations. For example, for the volcanic ash there was a call volume increase of 70-100%. At the same time, some disasters like 9/11 are really bad for the market," Doshi adds.

However, Thakur gave a clearer present scenario of the travel sector, "At present, we are seeing an improvement in passenger traffic and slowdown in cargo traffic. So the slowdown effect is not immediate. Thus in the next financial year, the industry might not grow as much as this year, when passenger traffic might also fall down."