



Briefing Note Reprint

Briefing Notes – NIIT Technologies Helps Companies to Enhance Ancillary Revenue and Customer Experience

2143
May 26, 2017
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Research created by ISG Insights™ and
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Briefing Notes – NIIT Technologies Helps Companies to Enhance Ancillary Revenue and Customer Experience

Summary and Key Takeaway

It is *de rigueur* for a travel, hospitality, or retail business today to reassess how it engages and interacts with customers. Yet these businesses must also meet expectations for revenues and profitability. Many have added new services or unbundled existing services to capture more ancillary revenue. But customers have frustrations with this model, feeling as if they pay extra for every little amenity while receiving no sign the business knows or cares about them as individuals. NIIT Technologies thinks the answer to this dilemma involves methodical personalization to help increase ancillary revenues and improve the customer experience.

Key Takeaways: To avoid the typical piecemeal approach in using personalization for building ancillary revenues and enhancing customer experience, NIIT Technologies offers the PACE framework to assess an organization's maturity level for delivering personalization. PACE assesses an organization's ability to personalize (personalization maturity) and deliver (engineering maturity). NIIT Technologies' executive team recognizes the current challenges and opportunities of the travel, hospitality, and retail verticals, and is focusing on airlines as its first target market for PACE.

Briefing Notes

ISG's Ron Exler and Bruce Guptill participated in a discussion with Ranjith Kutty, Associate Vice President, Travel, Hospitality, and Retail and Prashanth Gangavelli, Director of Business Development. The session highlighted how NIIT Technologies addresses this sector, with specific focus on how it helps clients enhance personalization services.

NIIT Technologies is a mid-sized Indian IT services firm that offers range of services, including Digital Services, Application Development and Maintenance, Infrastructure Management, and Business Process Management. In the travel and transportation segment, NIIT Technologies has served 50 airlines, mostly focused on operations improvements. It also works with travel distribution firms to improve automation, and helps surface transport companies and airports with digital transformation.

Growth and competitive survival in the travel, hospitality, and retail sectors require digital transformation:

- To engage with customers, employees, suppliers, and partners wherever they are,
- To increase efficiencies with automation, and
- To enable and deliver more, and better, ways of developing revenue.

To that end, NIIT Technologies has put its expertise in both the industry and technology services to develop a new framework called *PACE*: **P**ersonalization for enhanced **A**ncillary revenue and **C**ustomer Experience.

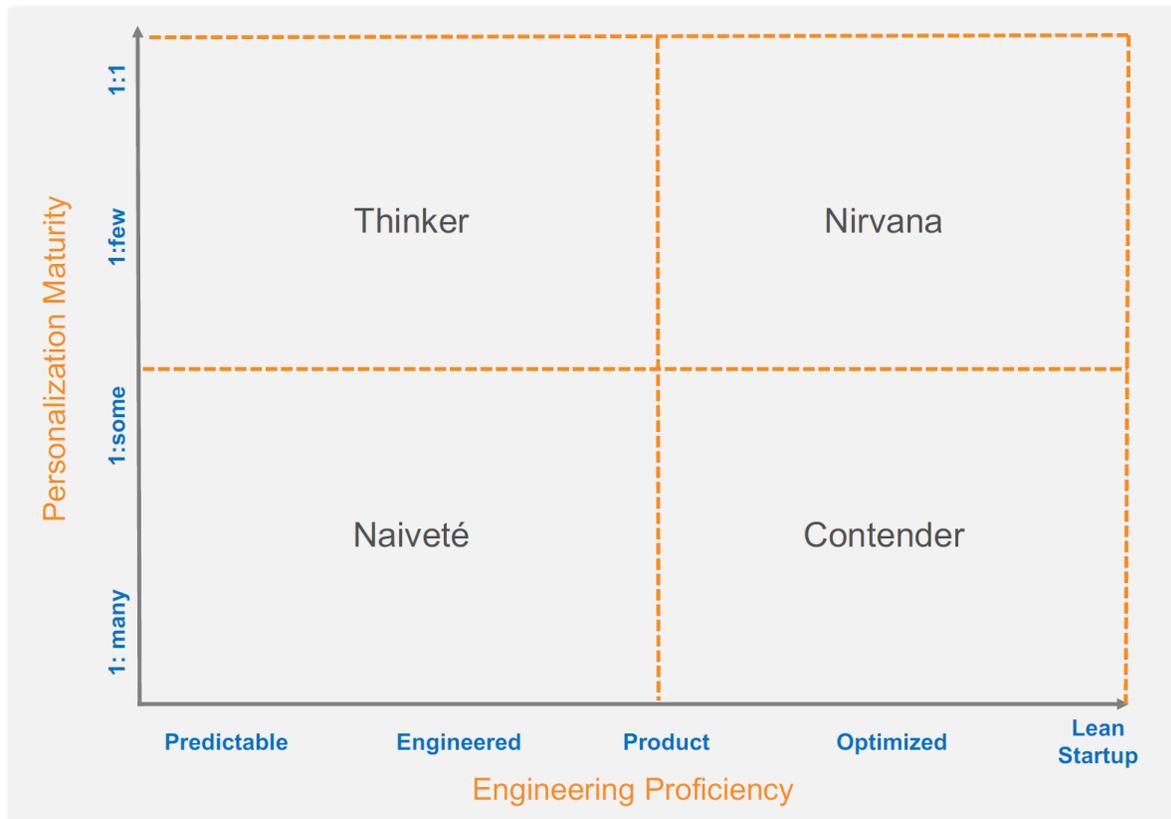
PACE exists to address a conundrum found in many businesses, especially in low-margin sectors such as travel, hospitality, and retail. Airlines offer a good example. They are often challenged to deliver profits from base services, so have turned to ancillary fees for baggage, preferred seating, and more - to deliver better margins. Ancillary fees have become one of the most important sources of airline profitability today.

Meanwhile, airlines also know that satisfied customers, especially those who feel that they receive personalized service, are more likely to spend more and be more loyal. Personalization can help airlines move into more customer-friendly merchandising that helps deliver high margin ancillary fees rather than rely on only unbundled products.

As the urgency rises for airlines to better serve customers, personalization can be a critical enabler of a broader shift toward improved customer experience (CX). So, with most airlines' scant current use of personalization, the NIIT Technologies sees airlines as a group with the best opportunity for applying PACE amongst the sub-segments in the travel sector.

The PACE Framework leverages NIIT Technologies' experience and understanding of enterprise systems to set up its clients to deliver personalized engagement through digital transformation. The framework includes an assessment methodology as well as an ecosystem and reference architecture.

Figure 1: NIIT Assesses Personalization Maturity and Engineering Proficiency



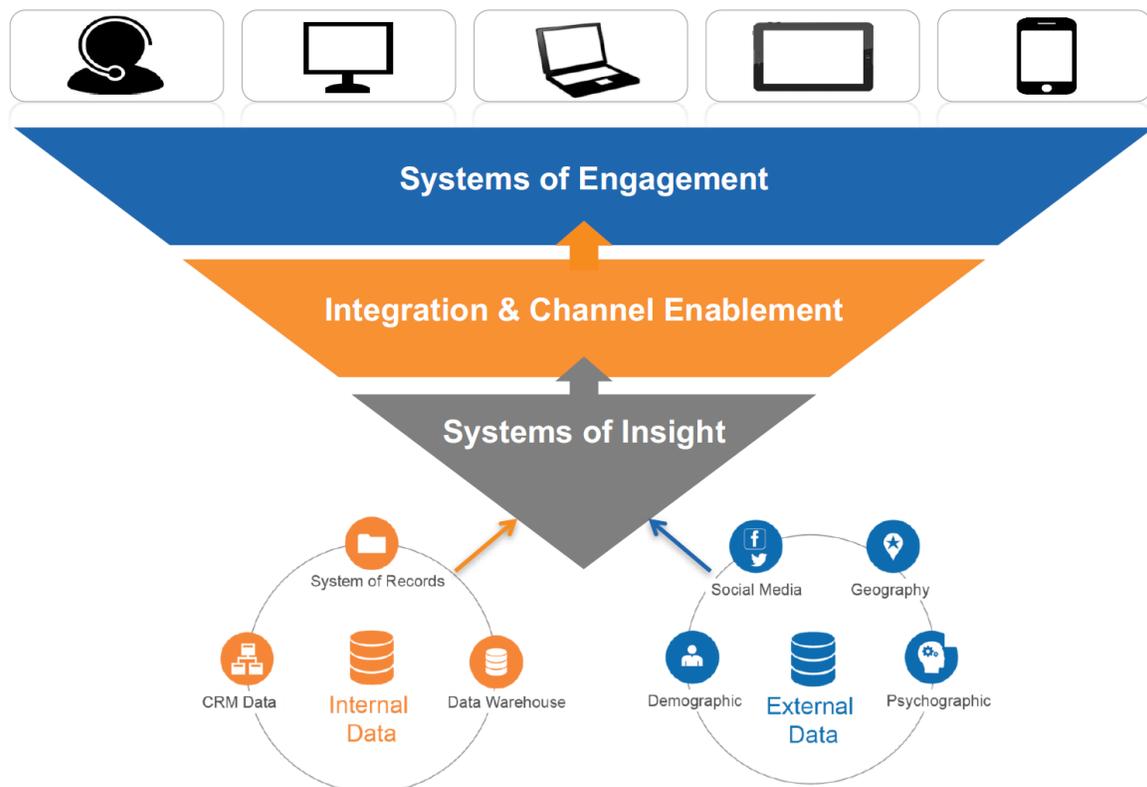
Source: NIIT Technologies

The assessment involves two equally important and intertwined components as shown in Figure 1:

1. **A personalization maturity assessment.** Determines an enterprise's existing customer understanding and its ability to translate that into actionable insights.
2. **An engineering proficiency assessment.** Evaluates an enterprise's ability to engineer the technologies needed to enable personalization services.

The framework includes a robust reference architecture and technology ecosystem to improve personalization by enabling digital transformation that addresses systems of engagement, systems of insight, and the integration between them. The PACE reference architecture reflects that ecosystem and adds specific components and types of capabilities needed for each element of the framework. NIIT Technologies has made significant investments in each layer of the PACE ecosystem including solution accelerators (Figure 2).

Figure 2: NIIT PACE Ecosystem



Source: NIIT Technologies

An example of a solution accelerator relevant to PACE is the TrekSight 360 customer profile platform using such emerging technologies as Natural Language Processing (NLP). Such accelerators can shorten time to market for enterprises using the PACE framework.

NIIT Technologies services include architecting and deploying engineering workflow for derived intelligence to flow through all channels. In its client engagements, this engineering transformation leads to improved / appropriate data management. There are common elements, yet the workflows are contextual - different organizations have different scenarios. For example, loyalty systems might or might not be in place. For optimal results from personalization, enterprises must have the mature engineering practices for both systems of engagement – direct (customer to enterprise) and indirect (customer to frontline employees).

Net Impact

The need for personalization to help improve customer experience is clear. NIIT Technologies aims to solve a problem that the industry has struggled with - measuring enterprise maturity with regards to personalization and the engineering capabilities needed for its enablement. Then the company helps its clients by quantifying results gained from improving personalization.

One significant challenge that NIIT Technologies runs into is the airlines' legacy systems. Oftentimes, those systems don't support integrating with the personalization capabilities of more modern systems and applications. So, integration with - or transformation away from - the legacy systems are part of a typical airline PACE implementation.

PACE engenders the concept of personalization that involves mass customization with the right combination of data and analytics to make it more relevant than ever to each individual, thus capturing more ancillary revenues and also improving customer experiences. To do so requires assessing both an organization's personalization maturity and its engineering proficiencies –from which an enterprise can construct the right foundation for improved business outcomes.

Personalization executed correctly means delivering services in the right context, at the appropriate time, in the correct location. The value proposition boils down to bringing pleasure or satisfaction while avoiding irritation. Such is the tightrope NIIT Technologies seeks to guide its PACE clients across. The NIIT Technologies robust PACE framework, along with the firm's expertise and related methodologies, should place it on the radar of any airline seeking guidance on personalization, with value potential in other markets as well.

Summary Facts

- NIIT Technologies has headquarters in Noida, India; U.S. headquarters in Atlanta, GA.
- The company reports FY2017 revenue at \$417 million and 8,800 employees.
- Core portfolio: Provides IT and business process consulting and outsourcing services.
- Core markets and customer types targeted and served: travel and transportation, banking and financial services, media, insurance, and manufacturing.
- Key competitors: NIIT primarily competes against mid-size IT services firms and systems integrators.

Associated Insights

Briefing Notes - NIIT Tech is Ahead of the Automation and Analytics Curve

Improving the Customer Experience Takes More Than Technology Innovation



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