Digital Transformation for Airports

M2P PRODUCT OFFERING
AIRPORTS AWAKEN FROM THEIR “DIGITAL HIBERNATION”

Following a wave of self-service initiatives for increased passenger handling efficiency several years ago, airports worldwide are recognizing opportunities from digital customer experiences and threats from digital players to their business. Singapore Changi, Auckland International and Seoul Incheon, all of which implemented a holistic digital customer experience in recent years, are just three prominent examples for the fast progressing digitalization of airports worldwide.

A “ONE SIZE FITS ALL” DIGITALIZATION STRATEGY DOES NOT EXIST

Several reasons for the airport digitalization trend to pick up speed can be identified. For once, competition among airports is getting more intense – especially at large international hubs, which (mostly) exhibit similar route networks offered to transit passengers. Besides the air travel fares, the customer experience at the airport is a factor for customers to select their flights. Airports with a larger O&D \(^1\) market and less transfer passengers are not immune to competition either. Passengers within the catchment area of several airports might decide in favor of a more sophisticated customer experience when choosing their departure and arrival airport.

Further disruptions are fueled by competition from outside of the airport industry, most prominently by digital players like Uber, Google, and Amazon, which target the important non-aero revenue businesses of airports. Take Uber as an illustrious example: Major share of non-aeronautical revenues are generated with parking and parking related services at an airport. Uber, and other ride-sharing or car-sharing businesses, are causing a shift of mobility demand from fixed car ownership to the sharing economy. This threatens the airport parking business severely and requires an adequate response through more personalized mobility service offerings at airports.

Digitalization enables a variety of applications to the airport business model – on front-end as well as on back-end processes. Yet, no digital strategy is or will be the same for different airports, since underlying drivers and constraints to a digitalization strategy, as shown in Figure 1, vary from case to case.

M2P CONSULTING – THE IDEAL PARTNER TO ADD VALUE

From its comprehensive project experience not only in the airport context, but also in the global aviation industry, M2P offers an in-depth understanding of drivers regarding passengers, airports, competitors, and other digitalization stakeholders. The holistic aviation industry experience also enables M2P to implement digital strategies in alignment with key stakeholder interfaces, such as airlines, retail and hospitality clients, ground handlers and immigration authorities. Figure 2 exhibits a selection of airport clients M2P works with and has worked with in the past.

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\(^1\) Origin & Destination market: Passengers starting and finishing their journey at the respective airport.
M2P DERIVES A TAILORED DIGITAL STRATEGY IN A THREE-STEP APPROACH

The digital strategy covers two sides to ensure a maximum impact of the digital transformation at the back-end (operational integration) as well as at the front-end (passenger experience). M2P uses the following three-phased approach to derive a digital strategy to ensure thorough assessments of its client’s strengths and weaknesses, risks and opportunities arising from digital business cases:

1. Analysis

In the Analysis phase, M2P aims to answer essential questions regarding the digital status quo as well as significant customer segments. The work packages include, but are not limited to:

a. Operational integration: As-Is analysis of passenger and ground handling processes.
   - Documentation of digital and information technology already in use per interface.
   - Assessing organizational governance and key stakeholders per process.
   - Conducting stakeholder and staff interviews for evaluation of current improvement opportunities and required technology.
   - Consolidating best practices and benchmarks for increased asset utilization using digital technology.

b. Customer experience: Analysis of significant customer groups.
   - Conducting an initial segmentation of passengers, e.g. with regards to travel occasion (business vs. leisure), budget (premium vs. low cost) and destination (long-haul vs. short- & medium-haul).
   - Designing designated passenger personas based on initial segmentation (e.g., an individuality-seeking premium traveler or a pragmatic business traveler demanding lean processes) to derive passenger experience drivers with maximum impact on the digital strategy.
   - Conducting stakeholder interviews to assess current process and service portfolio improvements for B2B customers, such as concessionaires, retail partners, and airlines.

2. Design

In the Design phase, M2P will derive the target picture of digitized processes, products, and services will be derived, leveraging best practice knowledge, benchmarks, and market insights. The digital strategy design will depend on the results of the Analysis phase, i.e. the airport's to-date status of digitalization, stakeholder and customer needs, and the competitive landscape. The target picture will contain technologies to be used, stakeholders involved, processes affected, and business case calculations. Figure 3 exhibits a selection of trending digital technologies at airports.

Figure 3: Digital trends at airport.
3. Implementation

Overall goal of the Implementation phase is a roadmap of digitalization projects to achieve the digital target picture. Key work packages include, but are not limited to:

- Conducting a gap analysis, comparing the digital target picture assessed in the Design phase and the digital status quo assessed in the Analysis phase.
- Deriving a project road-map, containing dedicated work streams designed to close the strategic gaps between status quo and target picture.
- Prioritizing work streams by impact on revenue, operational efficiency, customer experience and time-to-market.
- Aligning the project roadmap with existing digitalization initiatives at the airport.
- Conceptualizing roadshows and stakeholder workshops to bring the digital change into the organization.

Every digital strategy will be unique, as customer segments, stakeholders, corporate strategies, and digital maturities vary from airport to airport. M2P will utilize a top-down & bottom-up methodology to ensure a maximum impact of a digital strategy on its client’s customer experience, operations, and bottom-line. The methodology also ensures that after accomplishing the project phase, the organization will be capable of managing its digital transformation in routine operations self-reliantly. M2P hereby establishes a sustainable impact of the digital transformation strategies designed for its clients. Figure 4 illustrates M2P’s top-down & bottom-up methodology.

![Figure 4: M2P's top-down & bottom-up methodology.](image-url)
LET’S PARTNER FOR A TRULY EXCELLENT CUSTOMER EXPERIENCE
Contact us for an open discussion and further information without obligation on how M2P can support your organization based on your individual needs, requirements and schedule as a valued client.

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WHY M2P
Our team of leading airport and airline industry experts in business planning, strategy, and management as well as stakeholder communications and relations have been delivering award winning services to clients for over 19 years. We are independent and objective.

OUR STRENGTHS
M2P has functional and industrial experience in airports and airlines, combining the knowledge and experience of strategy consultants and functional specialists. We thus provide expertise across all airport subjects: Business strategy, operating standards, operations, physical assets, human resources management, security planning and business restructuring.

We possess a deep understanding of airline strategy, regulation, financing, operations and route development, and setting of airport charges to airlines in the U.S., Europe and around the world. M2P’s digitalization expertise adds value in assessing future digital business cases.

OUR PROFILE
M2P has a global presence, with more than 100 dedicated employees serving clients worldwide from offices in New York, London, Frankfurt, Dubai, Hong Kong and Silicon Valley. We have been adding value to the businesses of satisfied clients for 19 years, delivering 500+ projects to this day.