

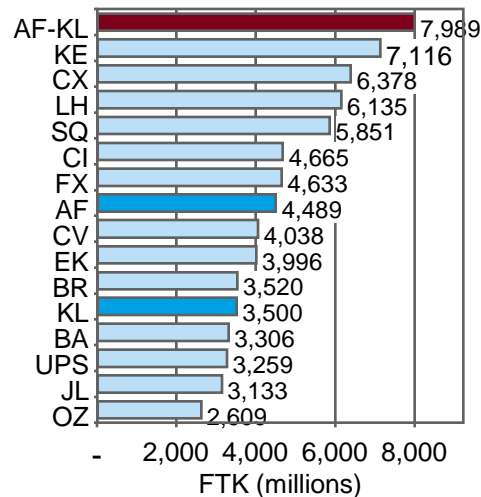
# DEMO at Air France-KLM Cargo

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Oct 2008

# What is AFKL Cargo



More than 400 destinations in 175 countries



- nr 1 European Aircargo carrier
- Turnover 2.9 billion Euro.
- 6000 Employees
- Created in October 2005 after the merger of Air France and KLM in May 2004.
- Commercial activities of Air France and KLM Cargo were integrated:
  - Sales
  - Customer Service
  - Revenue Management
  - Marketing
  - Network Development
- Operations incl. SPL and CDG hubs co-ordinated but kept separate

# 1one Face to the customer



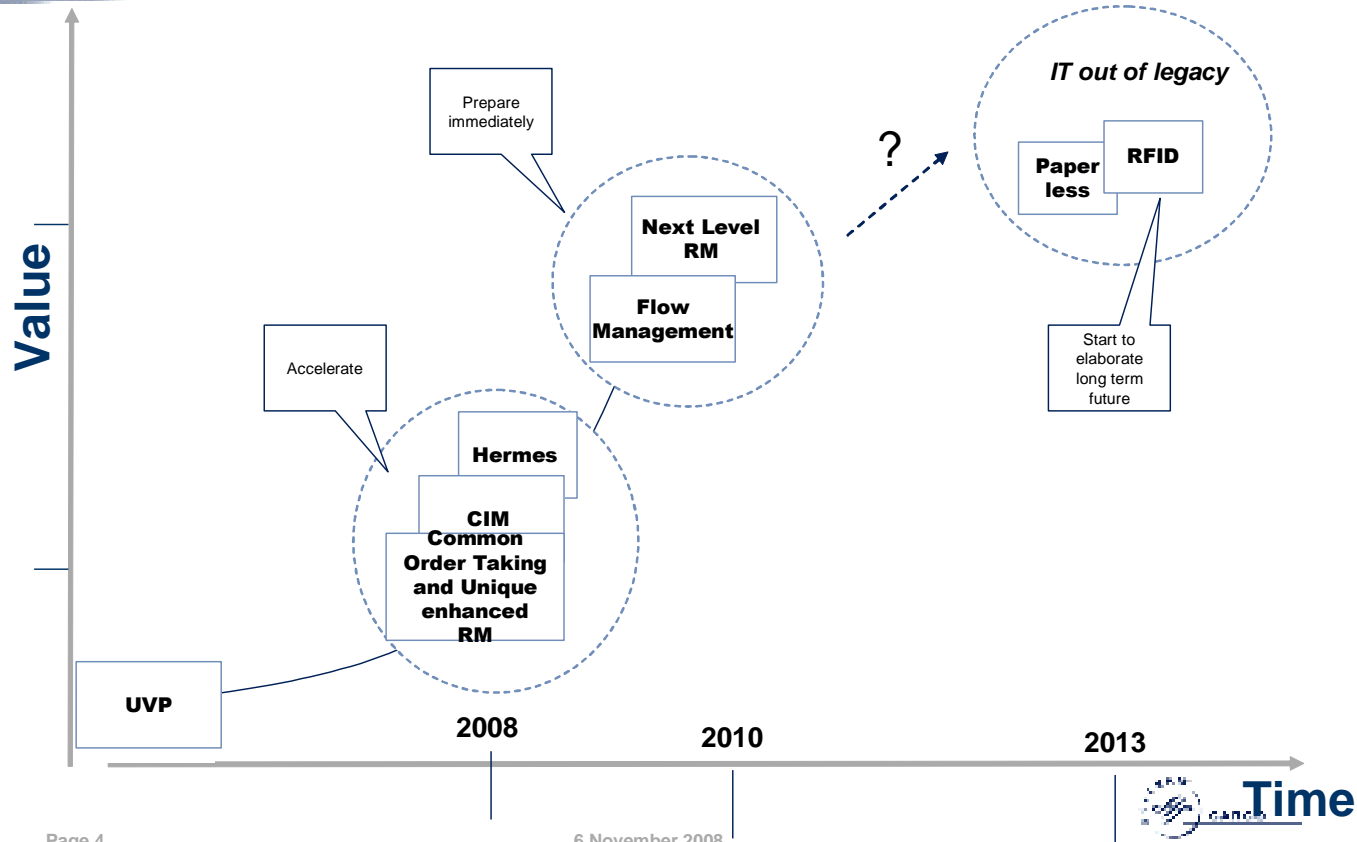
Air France-KLM Cargo: one face to the customer



# 4

## Context for DEMO: Roadmap towards **one** IT-suite

The roadmap focuses on rolling out rapidly high value functions, based on readiness



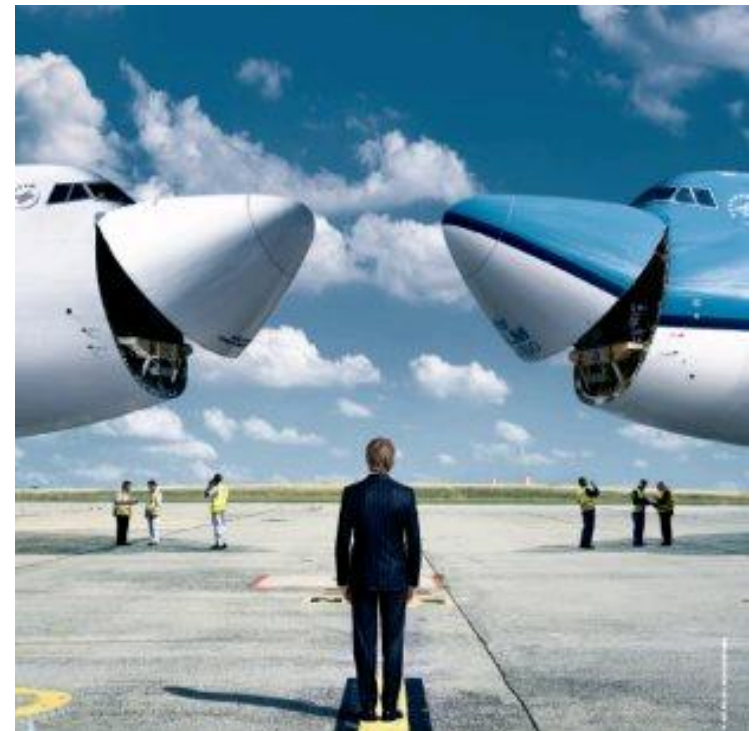
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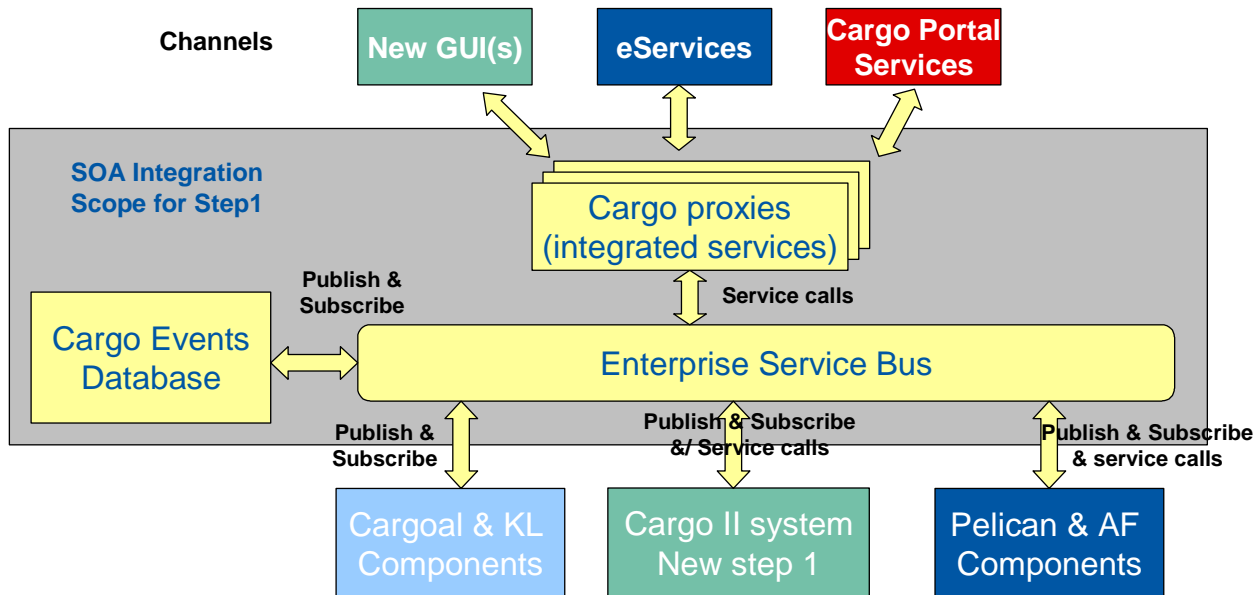
# Roadmap concerns

- Do we have clarity on the end-game?
- Are the migration steps feasible?
- Can we maintain our operational integrity, especially in critical phase 24 hrs before departure?



- No consensus in the Cargo MT
- Dilemma for the Cargo EVP





Unisis modules

KL IT modules

AF IT modules

Step1 provider

Integration dev.

AIR FRANCE

KLM

# Let's try something new: DEMO!

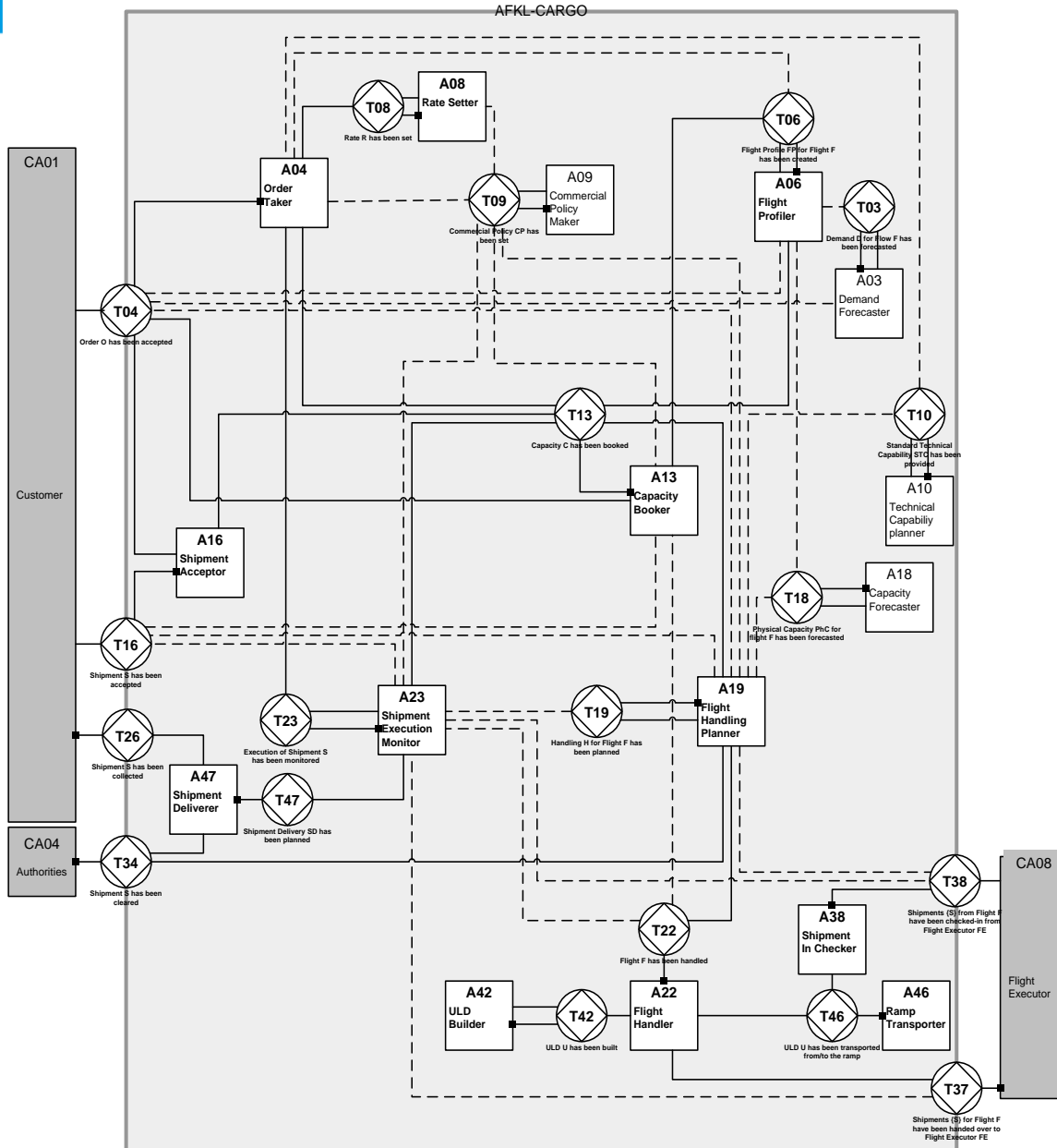
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- *Assignment:*  
'Create neutral and sustainable DEMO-models of the Cargo business, for the current processes and show:
  - the essential Business processes and transactions between commercial and operational domains
  - the mapping of the actor roles in these processes and transaction on the AF and KL organizations.
  - the IT systems that support these transaction;
  - critical design and migration issues within the preferred scenario.'
- Phasing
  - creation & validation of a DEMO Construction Model
  - creation of "implementation mappings" of the AS IS situation for organization and IT
  - identification of critical transactions and its design & migration issues
  - evaluation and interpretation of the results in preparation for decision making.

- The way of working should achieve sufficient buy-in of the resulting analysis, meaning that political and organizational sensitive issues should be open to discussion based on observed facts.
- Main principles behind our way of working therefore were:
  - let the DEMO CM be constructed by experts, who are not part of the sensitive issues;
  - perform objective fact gathering by involving actual employees participating in the processes, especially crossing managerial, organizational and geographical boundaries;
  - let interpretation and valuation of the findings – taking political and organizational sensitive issues into account – be strictly separated from the model construction and fact gathering.

- We discerned five different teams for carrying out the assignment, to be staffed based on personal expertise:
  - a Core DEMO team for modeling and facilitation, consisting of one external DEMO ontology expert and several internal staff trained in DEMO;
  - a Business team for ensuring the quality of business input, consisting of CSO, RM and OPS representatives;
  - an IT team for ensuring quality of IT input, consisting of several experienced IT architects;
  - Business Subject Matter Experts (SME) that perform in daily life the chosen event traces;
  - Business executives and external experts that are able to value and interpret the gathered results.

# Simplified DEMO model (same for AF and KLM!)



# Most critical transactions in last 24 hrs

Transaction	Name	Result
T04	Order Acceptance	Order O has been accepted
T06	Flight Profile Creation	Flight Profile FP has been created
T13	Capacity Booking	Capacity C has been booked
T16	Shipment Acceptance	Shipment S has been accepted
T19	Flight Handling Planning	Flight Handling FH has been planned
T23	Shipment Execution Monitoring	Execution of Shipment S has been monitored

# Use cases (event traces) and the DEMO model

action	actor		transaction	IT systems used
	initiator	executor		
CSO captures all details about the shipment (sizes, weights, handling)	Customer	CSO	T04-rq	VC Quotation
CSO forwards request to BIG department in CDG	CSO	DZCA	T11-rq	VC Quotation
CSO negotiates with customer to see if shipment can be fitted	CSO	Customer	T04-dc T04-rq	VC Quotation
CSO informs customer that it does not fit.	CSO	Customer	T04-dc	VC Quotation
Local OPS describes number of pallets needed to sales		local Ops	T04-ex	
Sales gives a price for the shipment to CSO	Sales	CSO	T04-ex	

# Mapping on IT systems and identification of critical area's

trans-action	departments in actor role	automated information systems used
T13	OPS (80%), CSO (10%), RM (10%)	Cargoal (94%), Chain (65%), Excel (5%), Hubpla (40%), WebPearl (5%), E-biza (1%), GHA system (30%), Visual Booking (2%)

Axioms of our approach to identify critical design issues:

- information needs are determined by responsibility for a specified result
  - so per actor role from the DEMO CM
  - not per current organizational unit in AF / KL
- critical design and migration issues are especially expected
  - where one actor role is implemented in different organizational units for the same case/event
  - where one actor role is supported by different IT-systems for the same case/event
  - for actor roles with demanding *Quality of Business (QoB)* requirements
- to answer critical design of end situation (using current processes) and migration issues, a "first order" *organizational and IT impact analysis* has to be made

# 14 Mapping example

## Mapping of Step 1 KL systems



	T04 Take Order	T06 Set Flight Profile	T13 Book Capacity for Shipment	T16 Accept Shipment from Customer	T19 Plan Flight Handling	T23 Monitor Shipment Execution
<b>KLM</b>						
#transactions/day	15.300	250	4.100	3.000	2.000	30.000
WebPearl	0					
Cargoal	0	0	50	35	100	100
MC Tool	0					
Visual Booking	0					
Pelican	0					
Edge		0				
Chain				15	30	
HubPla					35	
CP Workflow/Planningtool					20	
GHA-System			30	50		
AddVal	100 *)	100	50			
LMS						

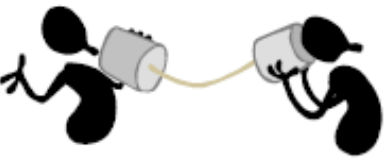
\*) assuming that AddVal will contain all required Order Taking functionality, based on which CSO will no longer use Cargoal

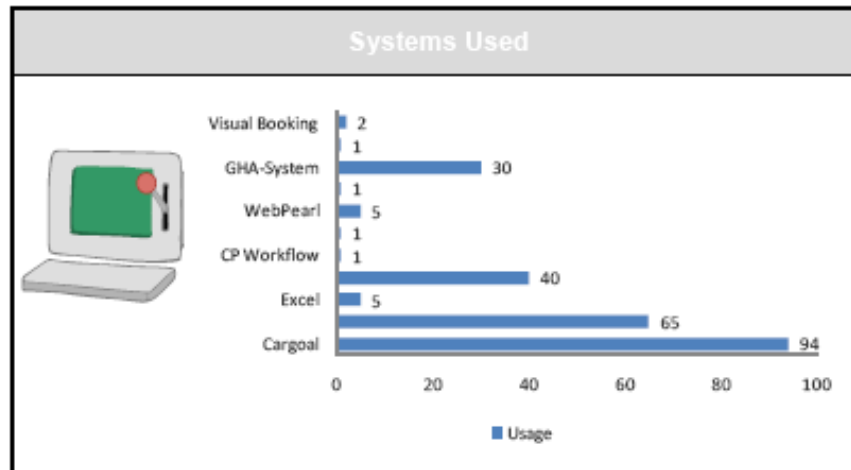
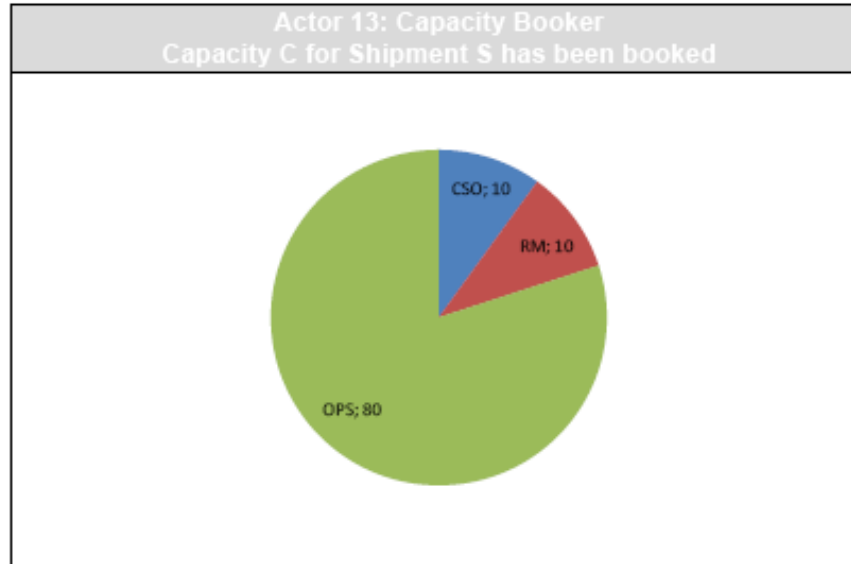
: applications being phased out       : applications being introduced

# 15 Presentation of results

Initiated by / Information needed by		
	Payment Collector	Customer
	Flight Handling Planner	Shipment Acceptor
	Shipment Execution Monitor	Capacity Booker
Flight Profiler	Demand Forecaster	Order Taker

Quality of Business	
Frequency	4100 / day
Response Time	secs
Complexity Drivers	

Communication Channels Used		
		Telex
		Queue
		Print
Fax	E-Mail	Air Waybill
Phone	Internet	Warehouse Web



- The study objectively showed the different risks associated with the choice of an IT scenario for the two organizations
- In the TO BE design, the organizational complexity became clear. Also the need for measures to maintain an single and shared view on the critical data in the last 24 hours before departure.
- An important migration issue detected was the way the impact of change differed for AF and KL.
- This evaluation enabled executive management in its decision making for an IT roadmap and the subsequent assignment for the feasibility study.

Several factors contributed to the success of this intervention:

- the preciseness of the DEMO Construction Model gave a good level of detail and enabled unambiguous counting & metrics
- the DEMO model was seen as a neutral description instead of having a AF or KL bias,
- directly listening to the operational floor people gave a solid and undisputable underpinning on the conclusions;
- the use of business event traces in identifying actual implementations
- visualizing the results was started early in the process, facilitating communication on management and executive level.

- the DEMO CM can be used as a reference model in the Cargo application renewal project, since
  1. it neutrally describes the Cargo business
  2. it will not change since only the implementation of the various actors will change with regard to IT systems, processes and organization.
- Accountability for departments and processes can now become more clear by letting management assign responsibilities per actor role from the CM
- Transforming the business and its collaboration with third parties, e.g. in upcoming joint ventures, can now be controlled easier and better
- DEMO can be used for well-defined business service identification in the SOA-world, which is a vital part of AFKL's IT-strategy

