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THE VIEW FROM 30,000 FEET

ELEVATING MOBILITY FROM POINT
SOLUTION TO CORPORATE STRATEGY

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Alaska Airlines

THE VIEW FROM 30,000 FEET

AN APPLICATION DESIGNED FOR ONE AREA OF ITS BUSINESS HAS ALASKA AIRLINES REVAMPING ITS ENTIRE MOBILE STRATEGY.

Major enterprises have bought into the notion that mobile wireless technology creates greater efficiencies by automating key business processes. But they are still on the cusp of understanding how an entire mobile strategy — not just point-type mobile applications — can transform their businesses.

Seattle, Wash.-based Alaska Airlines represents the evolution toward this mobile data platform mentality. In 2005, the airline searched for a solution that would allow the carrier to efficiently track its vital cargo. It chose a solution from AirClic. Today the airline is rapidly applying that solution to other parts of

the business, including passenger baggage tracking and fleet services.

But it all started with just one application. In 2005, Alaska Airlines needed to find a solution that would enable it to efficiently track time- and temperature-sensitive cargo, such as fresh Alaskan seafood. Alaska Air Cargo, in partnership with Horizon Air, every year

ships more than 150 million pounds of mail and freight, which includes 30 million pounds of seafood. Other precious cargo includes flowers, food products, medical supplies and live animals. The airline also offers a small-package express service called GoldStreak.

The airline's green-screen legacy system didn't cut it.

Alaska Airlines was relying on a manual reservation system that had become inefficient and labor-intensive. When a package didn't arrive at its scheduled destination, customers wanted to know where the package was. Alaska Airlines didn't have an easy answer.

"We knew where it flew, because it was on the manifest, but once it was at one of our larger hubs, we didn't know where to start looking for it. It could be at the gate, it could be in the cargo area, or at a ticket counter," says Kim Hantz, senior manager of cargo strategy and business systems with Alaska Airlines.

That meant that the missing cargo could be at any of the stops the plane made that day, leaving employees to search several locations, which could take hours of manual searching and

SOLUTION SNAPSHOT

WHO: Alaska Airlines

ISSUE: Improve cargo tracking

SOLUTION: AirClic mobile application, AirClic & Motorola devices



KIM HANTZ
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PHOTO: MICHAEL SEXTON

back-tracking. The result was wasted personnel hours, high replacement costs and reimbursement claims.

Hantz and her team studied the possibility of building an in-house solution. They knew that in order to ensure an effective and up-to-date tracking solution, Alaska Airlines' computers needed to communicate with back-end systems in real time, which required a wireless LAN network.

The problem was that Alaska Airlines' cargo facilities were filled with moving metal parts, making a wireless local area network (WLAN) nearly impossible to construct because of the vast interference problems. In addition, the Federal Aviation Administration (FAA) has strict regulations regarding WLANs on airport property.

“It’s so easy for our employees. Even the people who don’t have cell phones and don’t like using computers find it simple.”

“We looked at what it would take to build infrastructure, and because we’re on airport property, it was hard to build a whole wide area network with wireless here and there and working out of different ports,” Hantz says. “Our I.T. resources are stretched anyway. The cargo side was just one piece of the large pie, and we had to compete with corporate initiatives.”

The company also studied ways to use RFID tags to track cargo, but believed the solution too immature. The airline also

considered sticking barcodes on packages and scanning them.

“We’re not a FedEx or UPS. They scan at touch points, and if a person touches it, they scan it,” Hantz says. “We looked at what we could take from [their] best practices, and that was mobile technology.”

Alaska Airlines turned to AirClic for a customized, hosted solution that uses wide-area mobile networks and both commercial-grade and ruggedized devices. Today, the solution includes

an AirClic mobile application and AirClic AC25 scanners (branded by Motorola) along with Motorola i615 phones and Motorola Symbol MC70 ruggedized digital assistants.

The airline takes advantage of a number of different mobile networks, including high-speed CDMA EVDO (Evolution Data Only) from Sprint Nextel and Verizon, along with the iDEN network, through which the 615 phones operate. Alaska Airlines also has an Ethernet solution for the MC70, along with WiFi access for places in Alaska that don't have mobile coverage.

Alaska Airlines began with a small pilot solution for its GoldStreak service in its hub cities of Seattle, Anchorage, Portland, Ore., and Los Angeles. By the end of Q1, the second phase of the project had rolled out in the rest of the company's 79 stations, putting some 3,000 devices in the field.

Employees now scan custom barcodes on each shipment at specified

points throughout the process, including:

- > storage locations within the warehouse;
- > loading stage;
- > transfers;
- > arrival at destination; and
- > customer acceptance.

points throughout the process, including:

The data is sent wirelessly via the AirClic application to the airline's cargo system, where customers can view the status of their packages in real time and receive automated alerts on Alaska Air Cargo's Web-tracking site.

"It's so easy for our employees," Hantz says. "Even the people who don't

have cell phones and don't like using computers find it simple. We have 'train the trainer' classes, which are really cost effective because we don't have to bring in every user for training."

Moreover, Alaska Airlines is now saving more than 20% on claims payout costs and is seeing increased customer satisfaction. Therefore, it was a no-brainer to expand the service to include baggage and system scanning for its ground operations personnel. The service recently went live.

"We have a commitment to customers as to how long it should take to receive their bags, and we monitor ourselves to make sure we're meeting that," Hantz says. "The worst thing for a customer is to get off an airplane and sit there and wait for luggage. We will get to the point later this year where we can tell a customer where their bag is by scanning what gets on the airplane."

That means Alaska Airlines knows moments after a flight has taken off whether a bag was left behind. This

enables employees to make arrangements to get it to the passenger as quickly as possible. It's far more efficient than the typical industry practice that airline passengers have come to deplore: waiting at baggage claim until the last piece of luggage falls down the chute to discover that yours is missing, after which you have to locate a customer service representative and fill out paperwork.

Alaska Airlines' move to expand the solution to other areas of its business is what Tim Bradley, chief executive officer of AirClic, likes to call the "AirClic moment."

He adds, "We will deliver a field serv-



AirClic's solution uses Motorola-branded devices.

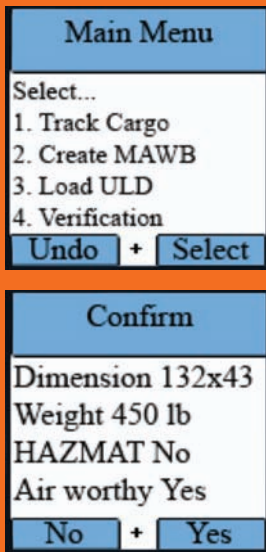
ice application such as the cargo tracking application and then the customer rapidly understands that the movement of the bags is intertwined with the movement of cargo and [that the application] could be transferred to baggage. It becomes a common theme."

Indeed, Alaska Airlines continues to have many "AirClic moments," Hantz says. The airline is looking at ways to leverage the solution for processes, ranging from fleet management to cabin checks and cleaning. For example, by automating an inventory of what's on a particular aircraft, and whether it was properly cleaned before the flight, employees [on the ground] would know what to expect when the aircraft lands.

"We met with [Jeff Butler] our VP of customer service-airports and he saw a use for AirClic everywhere. That was his AirClic moment," Hantz says.

The airline is considering applications to automate the paper process for managing all sorts of equipment, including the containers in which baggage handlers place luggage when it moves up the conveyor belt into the aircraft.

Existing AirClic customers such as



A sample cargo-tracking screen, above. At right, Alaska Airlines' Kim Hantz (left) and Matt Yerbic, former managing director of cargo, with handhelds.

Alaska Airlines can rapidly apply the vendor's solutions to other parts of its business because AirClic offers a fully hosted, on-demand service that includes a Rapid Mobile Application Development Framework. This allows AirClic to fully customize applications in a matter of weeks using devices already in the field, such as BlackBerry handhelds.

Bradley explains that, for some time, enterprises have often attempted to create their own point-type applications (that is, applications only designed for a specific business area) only to find them difficult to scale and maintain.

"We have evolved from selling point applications, and Alaska Airlines represents a platform-purpose installation," Bradley says. "Major players like

UPS, Disney and Konica are stepping into the market to automate key business processes."

This platform approach is also made possible by improved commercial mobile services that are offering up higher data speeds and more sophisticated devices at lower price points, Bradley says. "We've implemented a solution that has knocked down the barriers with regard to cost of device, development cycles, resources and infrastructure," he says.

Alaska Airlines is careful not to throw in technology where it isn't needed. Each new application is painstakingly thought out in terms of how it can benefit and/or replace existing processes. "Yesterday in a

meeting, for example, someone had an idea and wondered if AirClic would be a good solution. The answer was yes, so the next step is mapping out the business process and showing the return," Hantz says.

Adding another application is as simple as writing a business requirements document and handing it to AirClic executives. AirClic handles the application development within weeks, while the airline's internal I.T. department and a third-party vendor integrate the back-end solutions.

If Alaska Airlines is any indication, 2008 will be the year when major enterprises make a commitment to the idea of mobile platforms automating several parts of their businesses. //