



The Eastern Miles Story

Largest Loyalty Merger and Migration



Client Overview



China Eastern Airlines (CEA) is the second largest airline (by pax volume) in China and among the top 10 in the world. The airline was founded on June 25th, 1988 and is headquartered in Shanghai. CEA, along with its fully owned subsidiary Shanghai Airlines, offers a common loyalty program called "Eastern Miles". With its over 40 million members, Eastern Miles is one of the leading Frequent Flyer Programs in global aviation industry today. CEA officially joined SkyTeam on June 21st, 2011.



The Context

Merger with Shanghai Airline's Crane Club:

After Shanghai Airlines (a Star Alliance member) became a wholly owned subsidiary of CEA (a SkyTeam carrier), it was decided that the Crane Club program shall be merged with CEA's Eastern Miles program, making it the official FFP of both airlines. Serious system limitations and logistical challenges of merging two sizeable programs undermined the aspirations of a unified loyalty proposition for both airlines.

Various challenges had to be addressed in the context of the merger:

Data Management: A merger of two loyalty programs with similar target markets always bears the challenge of a large number of duplicate member profiles and transaction records that need to be aligned. This particular challenge is further complicated for names translated from local language. An efficient and precise deduping process would be essential to reach a complete set of member records and minimize customer inconvenience.

Required Process Optimization: Even after a merger, rarely do two organizations follow identical business processes. System limitations, organizational expectations or, in this case, different alliance requirements led to a vast mix of business processes. The merger of the two programs demanded a significant re-engineering of existing processes and an introduction of lean and superior workflows to avoid manual and failure prone interventions. The absence of required system configurability and workflows prevented a redesign of current processes or the initiation of new ones in time. It also became necessary to implement a hybrid state for the program before transitioning to the end state. The hybrid state enabled the program to gradually adopt to its desired end state.

Enhancing SkyTeam Experience: With the decision to join SkyTeam alliance, CEA had to follow strict SkyTeam alliance standards, including data exchange standards to communicate with its alliance partners. To improve their

SkyTeam member China Eastern Airlines (CEA), after its merger with Star Alliance Shanghai Airlines (FM), faced the mammoth task of consolidating the member base of both the airlines under its own flagship loyalty brand – Eastern Miles. Handling the combined member base without the help of a fit-for-purpose system and experienced team was expected to fetch less than optimal results.

With the help of IBS' state-of-the-art loyalty solution – iFly Loyalty, CEA not only managed a smooth transition of 32M+ members but also attained operational efficiency and successfully transformed Eastern Miles into a profit center.



members' alliance experience, CEA also wanted to introduce SkyTeam Online Retro Integration and Elite Customer Recognition (ECR), allowing for the alliance wide recognition of Elite members.

Limitations of the Legacy System: Eastern Miles was powered by a decade-and-half old IT system having significant legacy footprints. The system was limited in supporting new business models & value propositions in a timely manner and made adjusting to the new alliance world increasingly effortful and time consuming.

Scalability: The expected increase in member volumes after the merger of the two programs, combined with a surge in new enrolments was expected to drastically impact service quality and customer experience, without a truly dynamic and scalable platform.

Need to Align with Business Roadmap: The new direction of business resulting from the merger required remodelling of the airline FFP to enhance customer service and maximize ancillary revenues. The new model required integration with an array of partners, self-service portals and other customer touch points made the ecosystem complicated. Efficient integration with a vast number of interfaces was not possible with the incumbent system.

Enhancing the Customer Experience: CEA also wanted to integrate upcoming social media platforms such as the WeChat messaging platform and enhance the digital customer experience through the MU Wallet. Further, to enhance engagement with their Elite customers and facilitate their usage of miles CEA planned to implement an Overdraft Facility. All of the above proved difficult or impossible with the existing IT solution in place at the time.



The Solution

To meet the specific post-merger requirements, facilitate its membership in SkyTeam and to maintain its business leadership in the region, CEA chose IBS as the partner for this transformation. When the merged Eastern Miles program went live, powered by iFly Loyalty, it resulted from a unique combination of rich transformation skillset at work and an advanced, flexible, configurable and scalable loyalty platform. The key challenges were addressed in the following manner:

Data Merger and Management Techniques

Through a rich repository of data validation and data transformation functions and features, data integrity and identification of duplicate profiles and transactions was ensured and combined into one consistent and coherent data set for the new Eastern Miles program.

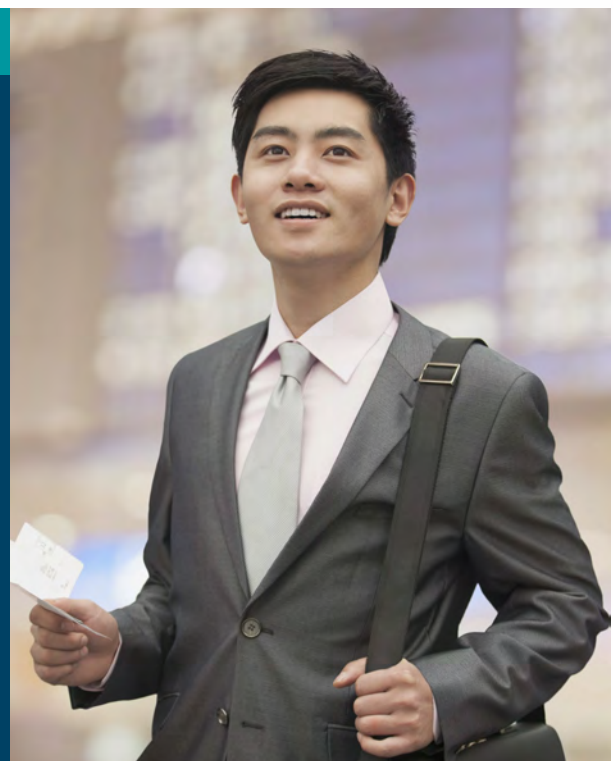
Any duplicate profiles discovered after cutover could be easily managed using iFly Loyalty's advanced features for merging member profiles.

SkyTeam Alliance Compliance

Through the iFly Loyalty platform, full compliance with all SkyTeam alliance requirements and the common data interchange were ensured. IBS supported the transition from Star Alliance (Shanghai Airlines) to SkyTeam by unifying file exchanges, partnership agreements, business rules etc. The platform supported the introduction of SkyTeam Online Retro Integration. This integration provides

Key Features of the Implementation

-  Successfully merged two large loyalty programs and migrated 32 million profiles
-  Sophisticated and efficient deduping process
-  100% compliance with SkyTeam requirements
-  Successfully transitioned from Star Alliance (Shanghai Airlines) to SkyTeam
-  Seamless integration with 500 partners and 17 external systems
-  Comprehensive webservices enabling local touch-points with sub-second response times



a seamless opportunity for FFP members to raise retro claims with any SkyTeam partners and obtain an instant confirmation. Thanks to iFly Loyalty CEA has been able to fully integrate with and benefit from Skyteam's Elite Customer Recognition (ECR) interface.

Process Re-engineering and Change Management

Jointly with the CEA experts, the IBS consultants consolidated fragmented and disjoint processes into organised and privilege-controlled workflows within the iFly Loyalty platform. The experienced IBS project team contributed significantly to the change management initiatives to enable CEA's team members to adopt and embrace the new platform and workflows.

A Flexible Platform for a Responsive Loyalty Model

The solution addressed the key CEA objective to stay lean and be responsive to the loyalty ecosystem, since the merger brings in new expectations from their member base. A range of mission critical functions like business rules, program structure and partnerships were supported through front-end configurations that are easy to change according to business strategy. iFly Loyalty also provided integration with the popular messaging platform WeChat to enable effective communication with members. IBS supported CEA to open a new redemption option – MU Wallet account where members can add their actual bank cards to a digital wallet and can top up actual money into MU Wallet for consumption. The advanced mileage credit capability allowed CEA to offer their most valued members, a superior redemption experience even when their redeemable balance was insufficient. Elite members now have the ability to overdraw from their account with using the credit facility. This has seen a significant improvement in member satisfaction while creating an urge to continue to earn more miles.

NFR Optimization to Support Large Member Volumes and Transactions

The merged program resulted in a larger member base and higher transaction volumes. The new solution brought the capability to easily scale from their then 32 million profiles, and now serves more than 40 million profiles, with ability to easily scale up continuously without compromising on performance. The solution also allowed to optimize a large number of customer touch points through sub-second web service response times.

Implementation & Testing for New SkyTeam Initiatives:

New SkyTeam requirements require sufficient testing. As the chosen facilitator, IBS helps CEA to support implementation and testing of new SkyTeam initiatives for alliance partners Delta Airlines, Vietnam Airlines and Xiamen Airlines.



Key Results

Frictionless merger and migration of
32 million members and
340 million transactions



Smooth transition from a complex legacy system to the efficient, robust, flexible and scalable iFly Loyalty platform. The transition involved merger and massive migration of 32 million members from multiple source systems and 340 million transactions within a constricted cutover window. The migration process also achieved significant reduction in duplicate profiles, which was further made easier for operations through iFly Loyalty's advanced profile merge features.



Getting Ready as SkyTeam Member

iFly Loyalty's compliance with SkyTeam specific requirements allowed CEA to maximize the alliance benefits. The new platform allowed CEA to share loyalty data according to SkyTeam's data exchange standards. To meet the alliance's redemption model, iFly Loyalty dealt with more than 1100 redemption rewards. IBS also helped CEA to be one among the first FFPs in SkyTeam to go live with Online Retro Integration. The interfacing of Elite Customer Recognition enables Elite members to seamlessly enjoy privileges in SkyTeam lounges in airports, no matter which FFP program they belong to.



Operational Ease Through Purpose-built User Interface

User interfaces, designed for a fully localized presentation, offered great operational ease to efficiently manage key loyalty processes. iFly Loyalty's comprehensive coverage of associated loyalty processes helped digitize these processes, leading to reduced manual input and offering error free workflow outputs.



Holistic Way to Manage Loyalty

The new platform's unique messaging capability allows users to define message formats, protocols and schedules in easy and quick steps. This not only made integration with existing third party systems easy, but also allowed CEA to continue integration with further backend systems so as to eliminate redundant processes/systems and manage loyalty in a much more holistic way. Integration with WeChat enables Eastern Miles to effectively communicate to its members seamlessly. Also addition of MU Wallet in Eastern Miles program enabled members to engage in consumption based on real money, which in turn will add CEA miles based on spending. The Overdraft facility promoted consumption among Elite members.



Re-modelled Eastern Miles as a Profit Centre

iFly Loyalty drastically reduced the time taken to get a new partnership operational (includes creation of new partner profile, set-up of associated partner contract and configuring business rules unique to the added partner). This helped CEA reap business benefits by quickly expanding its partner network and therefore attracted higher revenues in the form of partnership fees, commissions and point sales.



iFly Loyalty has helped the program scale and today manages more than 40 million members, and 500 partnerships across 25+ industries for CEA



About IBS Software

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