

VOICED

CARMEN'S

No. 3, Dec '02



Welcome Finnair
Crew Requests at SAS
New Office in Singapore
Meet our Chairman



Crew Requests at SAS



SAS have recently broadened their use of Carmen Crew Rostering to include the Carmen Crew Requests functionality (known as Preferential Bidding System – PBS – at SAS). In order to minimize training of crew

and utilize the latest technology, SAS and Carmen have jointly introduced a new generation of the Carmen's crew requests entry system, InterBids. We recently visited the Copenhagen SAS crew base in Denmark to see how the crew are adapting to the new way of influencing their working schedules.

Kurt Kjelgaard, Captain at SAS, and a driving force behind the new system, demonstrated the system, and explained the usability theories behind it.

"The user-friendly inter-face was crucial especially as one of the major prerequisites for the project was that no crew should be taken out of production to spend time training in the use of the requests system."

SAS decided to phase in the new preferential bidding functionality in two steps, starting with two crew groups.



Crew at the Copenhagen Crew Base learning how to use InterBids.

"This gave us three months worth of 'test' time to evaluate the findings and the participation rate. The result was that the introduction of the crew requests system was so painless that we decided to introduce all crew members earlier than originally planned," says Kurt Kjelgaard.

To allow the individual crew member to get the most out of the new system without formal training, SAS has provided many different levels of assistance.

Different documentation like "Getting Started" and a "User Guide" is available on the SAS crew portal. The crew requests entry system also contains a help function together with a section of FAQ (Frequently Asked Questions). Before the introduction phase, crew requests specialists (floorwalkers) were given special training at the Carmen premises in Göteborg. The specialists are available for enquiries from crew at each base during week-days in designated "PBS Corners".

Kurt Kjelgaard says that it is considered highly important to give feedback to the crew about the results. "Information flows in a variety of ways to the crew via mail, handouts, posters and notices. Representatives in the PBS Corners have complete records for each individual, enabling them to analyze any result face-to-face with the crew. Eventually we will print certain crew requests information directly onto the monthly crew roster slip," he says.

"Results from the first month at SAS show that 75% of the tested flight deck crew placed one or more bids.

The results from the second month indicated that the participation rate increased to over 80%. So far we are very satisfied with the participation rate and the overall result," concludes Kurt Kjelgaard.

Björn Samuelsson, Software Engineer at Carmen said he believes that the new version of InterBids is easier to use than the previous version.

"It also contains technical solutions that improve the performance and makes it easier to use from any location. Since we still are in an initial project phase we do see some things that require tuning. For example, we have some cases where commuter crew have been given short pairings instead of long pairings. Currently we are working on ways to make it easier to enter complex profiles (e.g. commuters often want long pairings, pairings with late check-in and early check-out, layovers in their home city, etc)."

Finally we ask Bo Tørper, Commander, 737, about his impression of the new system. According to Bo the system has been easy to learn. "The face-to-face assistance from specialists at the PBS corners, plus easily accessible information has really helped in learning how to use the system. It is very easy to use and I'm positive it has definitely given me greater influence and more autonomy over my schedule," he says.

"For example, I placed a permanent bid for check-out before 6 pm every Wednesday to play volleyball, as a result this bid has been granted to me every week since I started using the requests system"



Bo Tørper, Commander, 737

Finnair implements new crew planning system



Ville Iho, Manager of Crew Planning and Scheduling, and Gabriela Ahti, Application Manager Crew Support, at Finnair

Finnair is implementing the Carmen Crew Rostering system for all its cabin crew. The main objective is to dramatically reduce lead-times and to improve planning efficiency.

Finnair will put the new rostering system into production in the

summer 2003. The major objectives are to minimize planning time and to make planning more cost-efficient.

This will be achieved by optimizing planned duty, thus reducing planned overtime costs. In addition, cabin crew will be able to influence their individual work content using an Internet-based, requests entry system.

"Reduced planning times and increased efficiency are very important factors for us. The system will also give us better control over our costs and adaptability. In today's transportation environment it is crucial to adapt to changes quickly. The business must shape your processes.

If you can't adjust your processes quickly, you miss business opportunities," says Ville Iho, Manager of Crew Planning and Scheduling at Finnair.

"We know that all the major alliance partners continuously share information. Being chosen by Finnair as a supplier is therefore very much an affirmation of our quality. Finnair is the third OneWorld alliance member to implement our crew planning system.

We will be able to help Finnair not only with more efficient crew planning but also with powerful tools for simulation and cost control," commented Per Norén.



Finnair is one of the world's longest-operating airlines, with a history dating back to 1923.

It operates regular flights to over 60 destinations in Europe, the US and Asia. In a transportation industry characterised by fluctuating fortunes, Finnair is today one of the few profitable carriers.

Carmen's clients are responding with praise to the regular version upgrades they receive called Carmen Service Packs.

The current cycle is set for delivery every three weeks allowing for two weeks of corrective maintenance followed by one week of regression testing.

"Through this schedule we can ensure our clients that we deliver with premium quality whilst also providing them with a chance to plan for their own testing," said Craig Watson, Director Services & Support at Carmen.

"Clients also have the benefit of being able to pick and choose from the service packs which may contain relevant information for them," he said.

According to Paul Binks, Manager, Information Management at British Airways (BA), the Service Pack procedure is very effective.

"The positive interaction between BA and Carmen is proof of how vital the Service Pack Process is to our overall Service Level Agreement. Carmen's Service Pack delivery continues to be a great success at British Airways and as a result we are encouraging some of our other vendors to implement similar processes," said Paul Binks.

Service Packs deliver excellence

Carmen opens Singapore office

Carmen opened the doors of a new office in Singapore in October signaling the growing profile of Carmen in the Asia Pacific region.

The Singapore office is being managed by Kristina Larsdotter-Lane, who is enjoying the close working proximity to Singapore Airlines (SIA), along with future clients in the region.

"I believe that with the opening of an office in Singapore, Carmen can offer the Asia Pacific transport operations much better services in resource optimization," said Kristina Larsdotter-Lane, Director of Sales and Services, Asia Pacific.

"Our ambition is to further penetrate the Asia Pacific market with our advanced resource optimization processes and software for airlines and railways.

The new Singapore office complements the established offices of The Carmen Group in Sweden, Canada, Denmark, Spain and Mexico," said Per Norén.

The Singapore subsidiary is located in the General Electric Company (GE) Tower and can be contacted at carmen.singapore@carmensystems.com or +65 632 637 02.



A word from the CEO

Change and Predictability

Resource optimization is Carmen's core business. We sincerely believe that transportation is basically a matter of optimization and that all decision-making will eventually be based on state-of-the-art 'domain knowledge' and optimizers.

Superiority in terms of optimization quality and understanding of the transportation problems involved – at all levels in our clients' companies – are vital if we are to provide the necessary support to those clients.

When I meet airline and railway executives on my travels, they all speak about the necessity of adaptability and predictability. Increased competition and customer price-awareness have created problems for most operators. Yet, there is strong resistance towards change within many companies. This could, of course, be blamed on a lack of awareness but in most cases it is simply a fact that it is difficult to forecast the exact implications of any changes prior to their implementation.

In December we hosted our annual meeting for Carmen Development Partners, a forum where all our clients meet and discuss the development of our planning and decision support tools. The signals from our clients were clear – continue to focus on optimization, and especially on integration and predictability. Here at Carmen Systems, we believe that the key to this is our clients' ability to control business logic and to be able to continuously adapt to change. This will also allow full control of trade-offs between the various corporate objectives and an understanding of the financial impact of a proposed decision.

I strongly believe that tools supporting increased predictability are the fundamentals for successful change implementation in an organization. We should not forget that the most advanced tool is never better than the people who supply it and who support it. A combination of skilled people and advanced tools is the only way to help provide a common understanding in the organization of the problems involved – and their solutions.

In the current business climate the ability to achieve predictability is extremely important. Very few suppliers can guarantee this with immediate results based on facts.

Carmen can!

Let us – together – shape a new era for the airline and railway industries in 2003.

All best wishes for the New Year!

Per Norén

Chief Executive Officer



Interview with Daniel Johannesson

In June 2002, Daniel Johannesson, Executive Vice President of Skanska AB was appointed Chairman of Carmen Systems' Board. Daniel has had extensive experience within the transport industry and was the Director General of SJ (Swedish Railways) from 1998-2001. He was also the former CEO of Industriförvaltnings AB Kinnevik from 1983-1992.

During 2000-2001 the operational business within the Swedish State Railways (SJ) was divided up into six independent limited companies. What did your role as Director General include during this process?

I initiated and spearheaded the whole process. This included the development of the solution and extensive discussions and anchoring among all those concerned including the government, the political parties, regional authorities around the country, unions and customers. The government still owns the two railway operators SJ and Green Cargo and the real estate company owning the stations.

The ferry lines, the catering company, and the IT company have been privatized – so far.

How has the privatization of SJ secured the future of rail as a strong and viable competitor in the Swedish transport industry?

The most important change was the split up of the special state owned vehicle that controlled the railway into several focused, limited companies following the normal rules for corporate governance. In doing so we were

also able to strengthen the balance sheet. The Swedish railway, as all national railways, was really a diversified investment company in the transportation sector also active in real estate, ferries lines, lorry companies, engineering workshops, catering etc. The lack of focus and the risk of hidden political agendas influencing the operation were making a difficult situation worse. Now the issues are clear to the owners as well as the Boards and management teams running the operations. The solutions can be tailored to the conditions facing each company.

What are your thoughts regarding the future of transport deregulation in Europe?

This process interests me a lot. I was deeply involved in the deregulation of the telecommunication services markets during the 80's and 90's and I have been involved in the beginnings of deregulation of the European railways. The transport sector is still heavily regulated. This hampers development and creates all sorts of distortions to the supply of transport services. I believe that the companies in the sector, their customers and society at large would benefit greatly from increased competitive pressure. The transition from the present situation is not easy and I fear it will cause more pain. Many pitfalls might be avoided by learning from deregulation of other markets.

From your broad experience of restructuring in the rail industry, what advice can you offer the global airline industry?

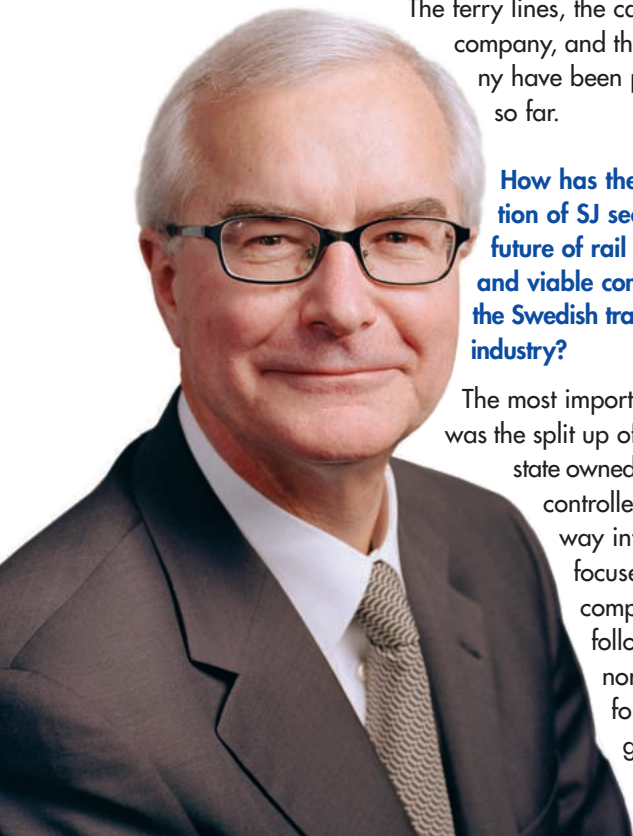
I hesitate to give unsolicited advice to our readers at this time. So I would prefer not to answer this question.

Do you think that combined travel solutions involving rail, road and air transport will become more common in the future?

Yes, I do. The different modes each have their advantages and the increased transparency offered by new technology makes it easier to build attractive packages. But at the same time the market is heading for increased fragmentation of service offerings. Customers increasingly want to tailor their traveling individually. Many want to unbundle the packages. This trend is fuelled by the opportunities made available by the Internet. It is not easy to manage the complexity created by this development.

What opportunities do you see for Carmen with the current developments in the rail and airline industries?


The most challenging issues facing the transportation industry are the huge negative external costs caused by it. Damage to the environment, climate change, noise and accidents related to the transportation system cry out for solutions. Increased efficiency is part of the answer. The railways have efficiency, which is below 50%. Half of the capacity is wasted – empty chairs, empty freight cars being repositioned, dead heads. The planning and optimization tools developed by Carmen can help make the system more efficient. Our tools can also help to manage the complexity created by the increased service fragmentation in the industry.



MEET OUR EMPLOYEES



- is currently working as a Service Centre Manager dealing directly with external clients which includes solving production problems and queries.
- completed a Bachelor of Science and Software at Waikato University, New Zealand, in 1999. He then worked for two years at Air New Zealand, in the departure control reservations department, as an analyst programmer.
- moved to Göteborg in 2001 and found a job opportunity to work for Carmen, aided the help of his previous experience and interests he landed the job!
- "the diversity of nationalities is something that I would not have been able to experience to this extent in New Zealand. Also, from a technical perspective there is no limit to how much you can learn at Carmen."
- enjoys playing tennis and badminton, going to the gym, and exploring Sweden's diverse countryside by foot! Also likes the ease of traveling to different countries within Europe, especially compared to New Zealand's geographical isolation.
- looking forward to his trip back to New Zealand for a warm Christmas with family and friends.

 Around 70 of Carmen's airline and railway clients attended the 2002 Users Conference with presentations and work-shops given by British Airways, KLM, Lufthansa and SAS.



Please note our web and email addresses have changed to...

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Air Transport Outlook 2002

Carmen attended Air Transport Outlook 2002, Madrid, 16-17 September.

IAOPS

Carmen sponsored and presented at the IAOPS Conference in Paris 17-20 September, hosted by Air France.



CARMEN SYSTEMS
 RESOURCES IN BALANCE