

British Airways streamlines its catering supply chain with SITA's Aerocater

BRITISH AIRWAYS



For British Airways (BA), improving productivity and reducing costs are vital to its future, and the airline believes it will achieve significant savings in its Global Catering operations through using SITA's Aerocater service to integrate its catering supply chain and inventory management systems. BA also expects this to lead to better quality and consistency of service for its customers, along with speeding the introduction of new products across its Cabin Brands.

Managing airline catering inventory is a complex and mission-critical process. A strategic review showed BA that the introduction of a forecasting and planning system would dramatically reduce the levels of stockholdings worldwide. Equally, it wanted to replace all the paper-based administrative processes with a global means of electronic data capture that could provide accurate stock information to further improve efficiency.

A complex logistical problem

BA has long been aware that a huge amount of cash was being tied up in equipment assets held at its caterers. Martin Blinkhorn, Senior Manager, Catering Business Support, British Airways, acknowledges the size of the problem: "With around 10 million items being loaded each day across our 160 locations, the logistics are incredibly complex and inventory management is critical to our cash flow."

In planning the production and distribution of 41 million meals a year BA realized that it was vital to match worldwide inventory levels against the expected passenger load factor across its fleet of 300 aircraft.

But the provision of the meal is just one piece of a very sophisticated jigsaw – which has to be completed perfectly for every flight. In addition, all the branded items and catering equipment used on BA's planes, including trays, trolleys, crockery, napkins, soap and tissue paper, are coordinated from BA's London-based global catering headquarters and sent to catering stations around the world.

Providing catering services for BA's 700 daily flights means planning the logistics for over 3.6 billion items a year, and consistent delivery greatly affects customer satisfaction.

Redundant stock is a waste of capital

In the past caterers carried excess stock to ensure that they never ran out of items. This was both inefficient and costly, as BA found when it re-branded its cabin services and had to dispose of surplus stocks. The In-Flight Catering Association (IFCA) reports that around US\$14 billion is spent on catering each year and SITA estimates that at least US\$250 million is wasted on redundant stock, representing up to 8% of all stock holdings.

The fact that catering stations either manually faxed inventory forms to BA's head office, or relied on internal mail carried on flights added to the difficulties. Back in London, staff re-keyed the handwritten information into the stock control system, which was time-consuming and meant that data used for forecasting was often inaccurate.



"Delivering an excellent service to our customers, managing stock levels and reducing the costs of our catering operations has always been mission critical for British Airways. Aerocater's provision of accurate data has already helped our forecasting team to further improve operating efficiencies and greatly simplify the task of managing the loading of aircraft worldwide."
Martin Blinkhorn,
Senior Manager,
Catering Business
Support, BA.

Speeding up communications

Part of BA's strategy to overcome the problems was to utilize the latest Internet technologies and web-enabled applications. In 1997 they initiated work with SITA to develop CONEX (Catering Online Extranet). SITA, the leading global provider of aviation IT solutions, was responsible for developing BA's supply-chain applications and the provision of a global extranet.

CONEX had a hugely positive operational impact on BA's catering activity and allowed materials controllers to spend 50% more time each month on service delivery issues rather than data entry. The solution helped speed the communication of stock levels, but relied on caterers using a dedicated PC with specialist software and SITA's data clearing facilities and network to connect it with BA's operations planning tools.

Partnership and collaboration

It was to be an interim step towards achieving a much greater vision – BA wanted a more sophisticated tool to help it integrate more effectively with its suppliers and, most importantly, improve the quality and consistency of service they provided.

Continuing to work in a close partnership with SITA was vital to enabling BA to achieve these goals. Blinkhorn, explains: "We had worked very closely with SITA on the CONEX system to help improve the flow of information between ourselves and our caterers and provide customers with the highest levels of service. However, we wanted to be able to optimize BA's catering expenditure, while assuring caterers that they will get what they need when they need it."

Meanwhile, SITA had developed Aerocater as a single, open and independent industry-wide platform to streamline communications between airline and caterers worldwide. Offered as an industry service, Aerocater allows all airlines and caterers to achieve substantial economies and to avoid the risk and cost of developing applications themselves.

Creating an industry standard

Based on the knowledge and experience gained from the award-winning dedicated BA CONEX service, SITA has formed partnerships with leading application providers CALibre and INflair Software to bring airline and caterer specific functionality.

"By offering an industry-wide service we can help to improve quality levels, reduce wastage and deliver significant benefits to caterers and airlines alike," said Rob Rowe, Aerocater Marketing, SITA. "Streamlining procedures and communications will speed the route to achieving substantial saving across the whole industry."

For caterers, Aerocater presents a single interface to multiple airlines, enabling them to standardize processes and training, improving their efficiency. For airlines it can interface with their existing management systems to help improve performance. Furthermore, implementation is quick and cost effective because Aerocater is offered on an Application Service Provider (ASP) basis. With worldwide support from SITA and access via its global network, or via the Internet, Aerocater is the most far-reaching solution available.

Industry knowledge and global support

One of the initial reasons that BA wanted to work with SITA was its industry knowledge and the availability of global support. According to Blinkhorn "The SITA team demonstrated a detailed understanding of the business problems we faced and this gave us the confidence that they could integrate the technology and applications into one solution. SITA was also the only one to provide a coherent, centralized support service. This means we get 24 hours-a-day, 7 days-a-week support, in many languages, all over the world."



"Aerocater is the most cost effective way of interacting with all our caterers worldwide. It's flexible enough to operate on almost any PC with a web-browser and Internet access and any airline and caterer could quickly take advantage of its services. Our own caterers have found it intuitive to use and it is proving to be very robust in operation. The fact that it's an open system means that new functionality can be quickly added in the future."

Martin Blinkhorn,
Senior Manager,
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Support, BA

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