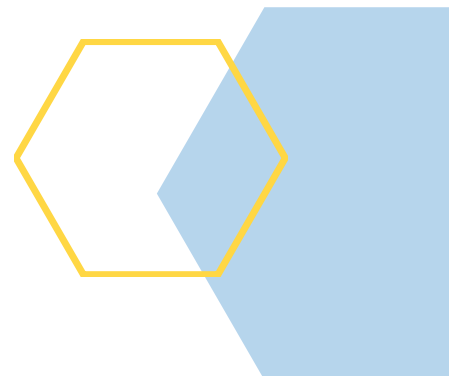




**FIRST VIEW**  
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# IBS – Leading the Way in Loyalty



## THE FACTS

IBS has announced that Gulf Air has chosen its iFly Loyalty solution to power its Falconflyer Loyalty programme. The deal will include a revamped mobile app as well as the ability to show personalised offers and rewards to members.

This follows the migration of Air Canada's revamped Aeroplan programme in 2020, as well as several other key wins in the last few months.

## THE ANALYSIS

IBS's Loyalty solution, iFly Loyalty, was launched in 2009 as part of a comprehensive suite of iFly applications for airlines. Its key selling point, according to IBS, is that an airline is able to run several loyalty programmes simultaneously. This allows it to reward different segments of its customer base such as travel sellers and cargo partners as well as individual frequent flyers.

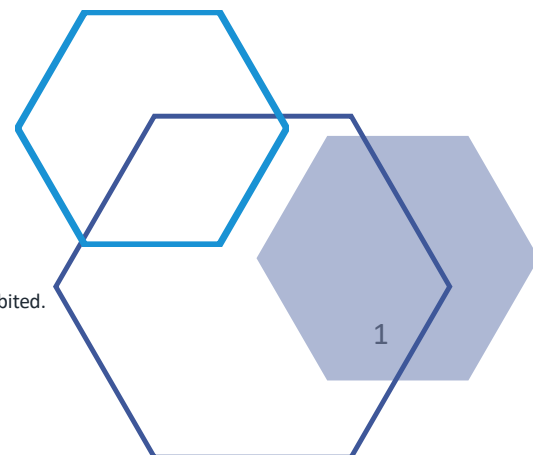
It has had wide success with 32 customers to date ranging from small tier 4 airlines like Mango to larger, more established programmes such as Qantas and Avianca.

It currently holds 6.5% of the market in terms of passengers boarded (PBs) and is now 5<sup>th</sup> in T2RL's market share table for Loyalty management systems. This is an improvement on last year where it held 7<sup>th</sup> position and it is set to improve further.

The LATAM Group plans to migrate to IBS from Oracle in 2022. T2RL is also aware of other significant signings which have not yet been made public. If all current signings migrate successfully this should add an additional 60 million PBs to its share. It is worth noting that these 60 million PBs are based on 2020 figures so there should be rapid growth as the industry recovers from the Covid-19 pandemic.

In the current environment, to be able to add such an amount of business to its client base is impressive.

This may have something to do with the market. A quarter of the market is still using in-house built loyalty management systems. In comparison to other airline IT components loyalty is just catching up on the outsourcing trend. T2RL expect over 86 million PBs (2020 figures) to migrate from in-house systems in the next two years. United Airlines, British Airways, Alitalia, Aerolineas Argentinas, Japan Airlines and Air New Zealand all have migrations planned.



Also, Oracle, which holds a substantial 20% of the market with its Siebel Loyalty solution has neglected this area in recent years. The company's near-exclusive commitment to cloud-based solutions has resulted in it declining to bid Siebel in recent airline RFPs.

## THE SPECULATION

Loyalty programmes have been a valuable asset for airlines in the last year for a lot of reasons. Many have provided much needed income when airlines have been unable to fly. They have also been a lifeline for certain airlines to raise capital. On top of this, loyalty programmes have often been the only way for airlines to engage with their customers whilst grounded. Nevertheless, T2RL data show that over 60% of airlines globally still do not offer a loyalty programme to their customers. Whether the current circumstances will change this, we will see.

For the airlines that do have active loyalty programmes some members have been accruing substantial miles on the ground via credit card and other partnerships. Those miles brought revenue when sold to the partner companies but are now accumulating as liabilities on airline balance sheets. Current travel restrictions severely limit the reduction of the liability by providing reward flights and in any case airlines would much prefer to receive actual cash for such seats as they are able to sell. Rewards in the form of ancillary services, and possibly upgrades, offer a preferable route to discharging the liabilities. Bespoke offers and redemption options that are valued by travellers will be key. Along with other vendors IBS will need to support an ever-broader range of partnerships on behalf of its airline customers.

*T2RL is an independent research and consulting company that specialises in the market place for airline IT systems. Based on data gathered and analysed since the year 2000 it has defined and tracked classifications of airlines and their IT providers. Its research is used by airlines to enable them to make informed choices of systems and vendors and by the vendors to help them develop products that best meet the current and future needs of the airline industry. For further information, visit our website at [www.t2rl.com](http://www.t2rl.com).*

