

Avinor

The Challenge: Enhance traveler experience to and through Norway's 46 airports while increasing commercial revenue and stakeholder satisfaction through new digital services.

The Result: Improved stakeholder relevance and customer experience, while creating new future-ready digital revenue streams and offerings.

Avinor's Need

As the public sector organization responsible for 46 airports including OSL – the busiest airport in Scandinavia, Avinor must provide:

- Norwegian residents and visitors with secure, safe, pleasant and accessible travel for leisure, business or health
- Continual improvements in customer (travelers and B2B customers) experience
- Efficient operations and engagement with airlines and other stakeholder partners including use of latest technology and tools to improve efficacy while decreasing operating costs

Why Digitalization for Avinor?

Avinor's management team recognized the rapidly accelerating impact of global competition, declines in aviation service fees and changes in customer retail buying and travel needs. To supplement revenues and enhance passenger as well as stakeholder (airlines, ground transportation and retail providers) satisfaction, a digital strategy and approach was required.

Avinor Needs:

- Create more sustainable commercial revenues
- Improve customer experience
- Collaborate with partners to enhance profitability and satisfaction
- *Maximize* global competitiveness and growth

Next Step's Services to Avinor

Next Step was engaged to validate the need for digitalization and analyze options and process for Avinor organization to offer new digital solutions.

From initial analysis of current position and alternatives for digitalization, through customer and stakeholder engagement, Next Step's proven change management process, delivered organizational commitment to the Avinor Digital Business Program. The ultimate result is increased relevance in the travel value network, improved customer satisfaction, organizational and board commitment to the future, while building sustainable digital revenue streams.

Next Step's consulting services, workshops, coaching and tools were delivered through the following phases with milestones tracked for each of the simultaneous workstreams.

Digitalization Opportunity Analysis

While Avinor's management team recognized the need to add digital services, support stakeholder partners in digital initiatives and provide travelers with more personalized services, a detailed analysis and business case approval by KL and board was required to pursue new approaches. Through customer, market and benchmark analysis, as well as an organizational digital readiness assessment, Next Step defined three alternatives to digitalization.

These were to continue business as usual; adopt a Business to Consumer digital approach to delivery of services or to collaborate with other travel providers (airlines, ground transportation, retail) to provide an integrated (B2B)digital service offering.

Business Case for Digitalization

To gain commitment to move forward with the recommended approach, Next Step developed detailed SWOT analyses and modeled the financial and public impacts of each of the alternatives. was completed. Through workshops, coaching and best practice examples from Next Step, the Avinor leadership team, KL and Board committed to pursuit of the Avinor Digital Business Program.

Customer and Stakeholder Engagement

Recognizing success with digital services requires customer adoption and engagement, Next Step (with Avinor) segmented, then co-created the customer journey for current and future target audiences.

As all customers view the airport experience as one element in a travel journey, inclusion of stakeholders including airlines, ground transportation and other travel service providers in definition of the digital program was critical. Next Step built, led, analyzed and communicated results from numerous meetings, workshops to gain stakeholder commitment for ongoing collaboration.

Organizational Readiness and Commitment to Change

Since delivery and support of digital services requires the evolution of internal business processes, organizational structures and skills, Next Step's proven change management process prepared the organization to successfully deliver new digital solutions. One aspect of this was implementation of a company-wide Digitalization Task Force. Participants representing each department within Avinor committed to meeting regularly to discuss and advance digitalization within their area of responsibility. In addition, a Steering Group was formed to complement the Digital Task Force and provide executive feedback and support.

Digital Solution Planning

Taking into account results from the market and customer analysis, stakeholder engagement, co-creation workshops, and input from Digital Task Force, Next Step facilitated definition and prioritization of plans for digital offerings from Avinor. Initial pilot projects, infrastructure and platform requirements and long-term product visions were analyzed based on financial, organizational and market requirements for success. Alternatives such as 'make or buy', co-development, licensing and internal development were analyzed and defined in the resulting business plan.

Business Plan and Financial Modelling Framework

Successful delivery of Digital Business Program requires executive and stakeholder commitment for the long term. This includes recognition that returns will accelerate after the initial 3-5 years offering digital solutions. During this period monitoring of key performance indicators, milestones and market acceptance as well as financial projections is necessary to achieve real business results.

Avinor Results:

- Roadmap to generate more sustainable commercial revenues
- Improved partner relationships and customer experience
- Successful terminal expansion with enhance profitability
- Improved global position, increased routes and partners

To maximize Avinor's long term digital business success Next Step provided a detailed Business Plan and Financial Modeling Framework for continual measurement of results against the plan – details noted below.

Business Plan

Developed in collaboration with Avinor throughout Next Step's engagement the business plan includes:

Executive Summary

- Why digitalization is critical today
- Principles of successful digitalization in air transportation industry
- Avinor Digitalization Strategy and Program
- Digital offerings and timeline
- Financial analysis summary and anticipated returns

Market / Landscape Analysis

- Air transportation trends
- Customer segmentation, demographics today and future
- Airport trends and benchmarks
- External (political and environmental) trends and potential impact

Stakeholder Analysis

- Traveler needs today and future by segment
- Non-traveler customer needs today and future
- Airline needs, impact and segmentation today and future
- Ground transportation provider needs today and future
- Travel, tourism, retail and supporting stakeholder needs today and future
- Norwegian resident, policy makers and influencers needs today and future

Avinor Position Today

- Strengths, Weaknesses, Opportunity and Threats
- Digitalization Readiness Gap Analysis (including Organizational Readiness Assessment)

Digital Solution Development and Delivery Plan

- Digital service / product development strategy and infrastructure planning
- Role of stakeholder partners in digital solution development and delivery
- Pilot projects and initial offerings (one year plan)
- Five year projection of services to be delivered by solution area (information, retail, airport services, entertainment / experience, etc)

Financial Analysis

- Summary of financial modeling framework (description below)
- Investment required by year
- Revenue, operating margin and profit impact of digital program implementation

Key Performance Indicators of Success

- KPI and quantitative measurement
- Process for managing to the KPIs

Risk Mitigation

- Potential risk factors and contingency plan for each factor
- Recommended process for tracking

Program and Project Planning

- Program Management Requirements and Recommendations for success
- Project Plan for each required 'track' for implementation of the Avinor Digital Program
 - Customer Journey / Experience Enhancement
 - Stakeholder Engagement
 - Organizational Readiness / Competency / Culture
 - Digital Solution Development and Delivery
 - Communications Planning
 - Strategic Program Management
- Critical requirements for initial project success

Financial Model

To support the Business Plan, Next Step provided a customized financial modeling framework for ongoing review, analysis and tracking by Avinor key metrics in digital business success. These include:

- Historical and current financial results and projections for Avinor's traditional business
- Potential impact of trends in aviation, retail, travelers, public and stakeholders on traditional business
- Projected revenues and operating margins from digital business offerings (direct, partner solutions and referrals)
- Impact of digital business offerings on traditional revenues and operating margins
- Investment alternatives for development and delivery of digital solutions
- Return on investment and impact on the organization's revenues, operating margin and profits from digital solutions

The Results

About Next Step

Next Step provides scalable business growth through global team with hands-on commercial, digitalization and leadership expertise. Since 2000 the company has delivered real business results for Adobe, Avinor, Cisco, Google, LiveNation, Microsoft, NetApp and hundreds more. For more information, visit Next

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- Improve customer experience
- Collaborate with partners to enhance profitability and satisfaction
- Maximize global competitiveness and growth



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