

# CellPoint Mobile

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I've always considered the African airline sector as one of those unique cases where the bottom line result doesn't capture both sides of the equation.

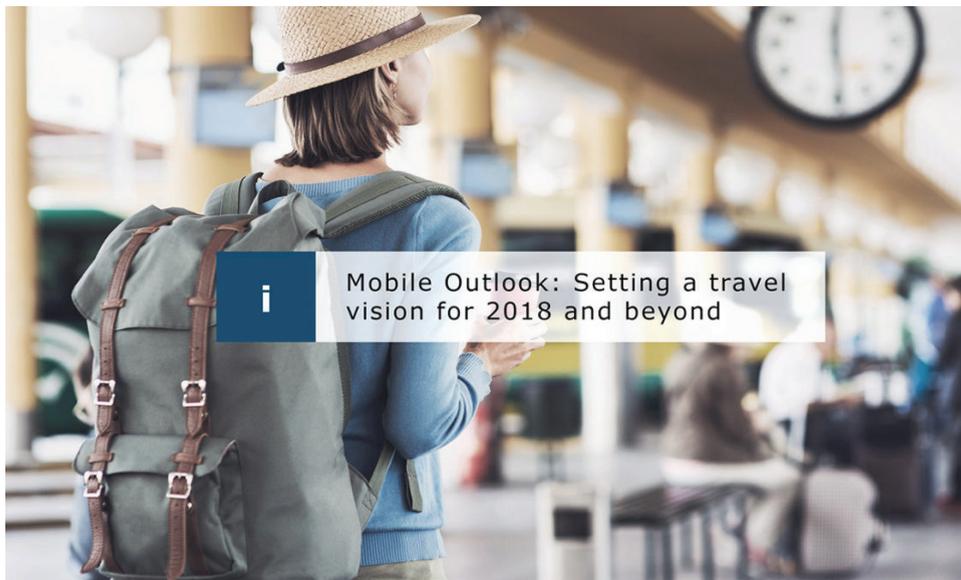
On one side are the collective financials: African carriers collectively lose about \$100 million each year, according to IATA. On the other side is growth: we see the evolution of an intercontinental hub in Africa for air travel, potentially centered in Addis Ababa ...or Johannesburg ...or Nairobi ...or your city.

But beyond the macroeconomics of commercial aviation in Africa, what are the region's travellers expecting and demanding today? Like most travellers across the globe, they want convenience and they want it straight from their mobile devices. How can African carriers fully leverage the mobile channel to make travel easier for passengers, cut payment transaction costs, increase bookings and get around some of the continent's more challenging logistical and commercial issues when it comes to cross-border commerce?

## **The challenges of Air Travel in Africa**

The CEO of South Africa Airways (SAA), Vuyani Jarana, recently addressed the IATA Annual General Meeting in Sydney and reminded the airline industry that flag carriers are not state departments. "We are businesses that compete for the attention of the customer," he said. This need to connect directly with the customer is precisely why more African carriers, from legacy airlines to low-cost (LCC) and ultra-low-cost (ULCC) carriers, are leveraging mobile devices as their primary "point of contact" with passengers.





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## Mobile Outlook: Setting a travel vision for 2018 and beyond

It's not uncommon for Africans travelling internationally to encounter inconvenient connections or other route-related headaches. Africa accounts for roughly 12% of the world's population but just 1% of its air travel market, spread across 54 countries, which helps explain why the continent's route networks are still a work in progress. For instance, flying to the Central African Republic from Chad (neighbouring countries) would require a flight from N'Djamena to Paris and Paris to Bangui, or if the traveller is lucky, just a layover in Casablanca via Royal Air Maroc. Leisure travellers may have the time flexibility (if not the patience) to accommodate this convoluted structure, but imagine the constraints this imposes on global business travellers with meetings, deadlines and deals to finalise?

While African airlines cannot instantly solve their route network challenges, they can use the mobile channel to create a more seamless passenger experience across countries and markets, significantly cut costs and reduce overhead by enabling more passenger self-service opportunities, make the most of existing revenue streams and add many new ones.

### Flexibility and interoperability in the mobile channel

Ethiopian Airlines, a CellPoint Mobile customer which recently integrated Alipay through our Velocity payment platform, has become one of the continent's best-known success stories. Partly because it is ideally positioned on the Horn of Africa and partly because of its strong focus on business fundamentals and organizational

culture. More recently, Ethiopian signed an agreement to launch Chad's new national carrier, Tchadia Airlines, giving Ethiopian a crucial hub in the center of the continent.

Lack of flexibility when it comes to route networks sometimes forces carriers to prop up underperforming routes and double down on their past investments. Unfortunately, this mentality seeps through to other areas of the airline organization as growth and innovation are put off to the future or not prioritized. CellPoint Mobile provides the mobile-first architecture that airlines need to make scalable investments in new technology solutions as needs and route networks evolve. There is a growing disconnect between what travellers expect and what airlines are providing when it comes to seamless transactions and communications. Our solutions can help airlines strengthen sales and marketing in the mobile channel.

### Mobile-First solutions for African Airlines

The possibilities for revenue and loyalty in the mobile channel are limited by airline apps that have been "left for dead," or else were never built for a mobile-first environment where flexibility and interoperability are key. When it comes to mobile payments, for example, most African airlines will have a single payment service provider (PSP) that meets their legacy needs and is essentially a legacy vendor. This PSP partner may have been serving airlines' payment needs for years, but they have not evolved far beyond that.

These legacy PSPs have few connections to local bank acquirers, no leverage when it comes to transaction processing fees and no incentive to develop their portfolio of payment methods to serve their clients' needs in new markets. And while legacy PSPs have longstanding relationships in the airline industry, they have not built out the global "rails" needed in today's dynamic payment environment that airlines can "ride over" to meet new payment needs (rather than depending entirely on traditional banking systems).

Ethiopian Airlines, for example, now has access to a vast selection of payment methods through its partnership with CellPoint Mobile. We recently completed our first APM integration for Ethiopian to accept payment via China's Alipay. And because we have an ongoing PSP partnership with the airline, we are able to rapidly integrate new payment methods as the company increases capacity and expands into new markets. The Velocity payment platform (deployed earlier this year by Ethiopian) can even route payment transactions dynamically between multiple PSPs to get the best transaction pricing for airlines.

### Anticipating tomorrow's solutions today

By 2050, the African continent will be home to 2.5 billion consumers and African airlines will be competitively situated between the world's largest travel regions (Europe, Asia-Pacific, the Middle East). CellPoint Mobile can help African airlines cut costs in payment processing fees – an urgent business case as passenger volumes grow – while building a new mobile architecture that is more flexible, interoperable and scalable for future growth, and helps airlines connect more directly with passengers.

I've had the opportunity to meet and work with quite a few African airlines and help them find the right mobile solutions for their business needs. But African aviation is growing rapidly and so are the number of airlines succeeding on the continent – let's discuss how we can work together to make travel easier and more profitable for your airline and its passengers. [🔗](#)