

# Personality profile: Tom Klein, Sabre

With extensive knowledge of the aviation industry, Tom Klein has risen through the ranks at Sabre to become senior vice-president and president of the company's airline solutions business unit. *AF&AM* discusses his impressive career and future plans to become the best provider of technology for the aviation industry.



*Tom Klein, senior VP and president of the airline solutions business unit, Sabre.*

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**W**ouldn't it be wonderful for airlines if there was a logical answer to their every question, an easy solution to their every problem and an entity to help them optimise the most from their fleet and crew, while helping to provide the best possible service for their customers? With a broad range of technology, distribution and marketing services, approximately 7,000 employees in 45 countries and revenues of \$2.1b in 2001, Sabre appears to be in a position to do just that. Tom Klein is the man with all the answers.

### **Career climb**

After gaining a bachelor's degree in business administration from Villanova University, Klein made his first step into aviation by joining Consolidated Freightways Air Cargo. Little did he know, like so many professionals before him, he would be bitten by the bug. "I simply took the best job I could find at the time and became very enamoured by the history of the industry." After four years, Klein joined AMR and Sabre in 1988. In 1993 he then was granted the opportunity to start a Sabre joint venture in Mexico - Sabre Sociedad Technologica.

"We began with one telephone and 10 people," says Klein. "Today that company has been rated one of the 10 best companies to work for in two of Mexico's independent publications and one of the most admired companies in Mexico by the business publication *Expansion*." Given the fact that the other companies in the top 10 consisted of multi-national brand names, such as Coca-Cola, this was no small achievement. "We changed the customer service model in Mexico and raised the expectations of what a company should provide. It resulted in great benefits for Sabre customers. It was a big success story." Managing a company through major currency devaluation and working in markets where social, political and economic instability prevailed, meant that Klein had first-hand experience at a very early stage in his career of an entirely different environment. "The people that work in those volatile markets are very resilient and receptive to change. Such experience means that many Latin American executives are extremely successful in North America," he says. After holding further positions at the company, Klein came to run Sabre's Latin American and Caribbean businesses, which at that time was the fastest growing region in the world, and he moved on to run the North American market, primarily involved with travel and distribution. Shortly after, Klein became president of airline reservations and emerging business. He was responsible for launching new businesses within Sabre that could potentially grow in other areas. "Our task in emerging businesses was to find and launch the next big idea. We had a history of creating new companies like Travelocity and we wanted to extend on that capability." An example of another business that was launched under the emerging business concept, Travelocity, has since become the web's largest travel agency, and Get There, is now the leading corporate booking solution. After two years spent managing the emerging business area, Klein stepped up to his current position as senior vice

president for Sabre and president of the company's airline solutions business unit, a leader in software solutions, reservations hosting and consulting. When talking about his progression within the company, it is apparent that Klein is incredibly people-focused. "I started out working in an environment with terrific, energetic sales people. It was a good demonstration of the advantages of effective teamwork." Klein feels that it was important to have a mentor while expanding his career through Sabre and in turn, he feels that a big part of being successful is a responsibility to mentor others. "You have to treat people right. They need to know that we will be behind them, supporting their career and growth. As you develop, there need to be coaches who will provide feedback, you have to trust people enough to give you that," he says.

Despite Klein's obvious success, he remains modest about his achievements. "There are a lot of really talented people out there who will never wind up in the right place at the right time. They will never have these opportunities, I guess I got lucky," he comments.

### Sabre's products

Sabre started out as an internal information technology department within American Airlines. Over time, it evolved as a subsidiary of the airline, servicing other customers and grew a fairly large business unit in AMR. About five years ago, AMR sold 20 per cent of the company in the public market and for the last two years, Sabre has remained completely independent, with no airline ownership.

In such challenging times, it would appear that Sabre is a company that airlines cannot afford to operate without. "We bring to the table a broad portfolio with a very unique blend of software and services for airlines," he says. "We have a good skills set with airline expertise and a very powerful capability in the operations research area." Klein feels that to have such a talented team is important as airlines are faced with so many complex problems, with so many variables that require the thinking that comes with the operation research competency. "The fact that we have a business that

The screenshot displays a software interface for fleet assignment. At the top, there are menu options: 'System', 'File', 'System', 'Display', 'Export', 'Tools', and 'Help'. Below this, a window titled 'Fleet Assignment Model' is open. It shows a table with columns for 'Flight', 'Origin', 'Destination', 'Aircraft', and 'Frequency'. A 'Special' window is overlaid on top, showing a table with columns: 'Description', 'Original Schedule', 'New Schedule', 'Original', 'New', 'Resource Change', and 'Change'. The table lists items like 'Passenger Resource', 'Operating Costs', and 'Operating Profit'. Below the table, there are several text-based summaries and a 'Summary - Grouped By Flight' section with a small table.

*The Fleet Assignment Model is of great benefit to airlines, especially helping with fleet planning and scheduling*

is squarely focussed on nothing but solving airline problems is really unique in this industry." Although there are other companies in the market place, some with majority ownership by airlines, which offer similar software to the Sabre portfolio, Klein says that no other company has as broad a range as Sabre. "It would be hard to find a major airline customer in the world that does not have a system of ours in operation." There is increasing pressure on airlines to look at their operation, not simply as a result of the economic environment, but also due to the pressure from low-cost carriers. Klein feels that there is a desire for simplification in what is a very complex industry. "Airlines have multiple disciplines, they need to be able to integrate systems. The role that we play is providing more of an industry standard product. By having such a broad portfolio, airlines can take advantage of our flexible products and integrate them with many Sabre systems. While the range of products that Sabre supplies covers everything from cargo solutions, to crew management, it is by far a leader in helping airlines with their scheduling of fleet. Sabre currently has 50



*Sabre's Southlake building, home to some of Sabre's 7,000 employees.*

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airlines using its scheduling products. One such product - the Fleet Assignment Model (FAM) - enables airlines to optimise schedules all the way up to the day of operation. *O&D FAM* can be used for several business applications including, fleet planning, schedule structure analysis, scenario-based seasonal schedule planning, operational studies, planning for special events and short term tactical re-fleeting. The model's mathematical optimisation techniques produce profitability and operationally feasible solutions that are virtually impossible to generate manually. Sabre estimates that airlines using the model for short, medium and long-term scheduling can generate incremental annual profits of two to three per cent, and even a more restricted use of the model for only short-term scheduling can generate incremental annual profits of approximately half a per cent.

Klein explains that as regional jets have increased in popularity, airlines have used the tool to make decisions on which regional jets to purchase, how many of them to purchase, where and how to deploy them and which existing fleets, if any, they should retire. "Does the airline retire its largest turboprop, or smallest jet?" Klein adds: "We can solve the most complex problems, or at least provide an answer that is as close to right as it can be."

For longer term planning, FAM can help airlines in the larger sector, deciding whether to acquire an A380, embark on Boeing's Sonic Cruiser, or purchase both. "By using the fleet assignment model, airlines can see how such aircraft will affect their fleet planning, on what routes they can fly and again, what aircraft they can remove." The tool will help optimise an airline's particular network. Different airlines will have different answers, depending on the markets they serve and the fleet they operate. For airlines with specific questions, Sabre's team can come to the rescue and help operators in a very short period of time, depending on how many questions the airline wants answered and their complexity. "If an airline gives us the market data they have, we merge that with the data we have and we can solve specific problems in a 30-90 day time frame. If

an airline does not have very sophisticated software, we can carry out the work first and implement the software later.

Another example from its portfolio is the flight operations system. "It looks at what aircraft can be put on what routes, the load plan, the flight plan, fuel costs and crew. It deals with any unexpected problems, be it the weather, or a mechanical issue and it helps the airline work through those issues." Klein says that load and flight planning can save anywhere in the region of five to eight per cent in fuel costs.

### **Focus**

Sabre continuously works on making sure it is on the leading edge of the operations research side to ensure it has the best optimisation model in the market place "That's where the big value is for customers - giving them the tools to optimise either their cost benefit or revenue," says Klein. Sabre invests heavily in being able to employ such systems and make them accessible to all carriers in all segments, regardless of their business model. Historically, such systems have been relatively expensive, but Sabre is taking each product and making it more accessible from a price, delivery and installation standpoint.

In the reservations area, Klein points out that there are a lot of new product characteristics in which airlines are interested. Operators are heavily focussed on having systems that are flexible enough to respond to whatever changes come in the area of security, which is at the forefront of everybody's mind. "There is nothing more important than getting people back flying and giving them confidence that the air-system is safe," he says.

On the distribution side, Klein feels that the travel market is at the forefront of the e-commerce sector. "Airlines have been extremely quick in adapting and distributing products, whether it's their own websites, or websites like Travelocity. They have adopted e-commerce on the distribution side and internally."

Although the trend to outsource technology has been developing for some time in the US and European markets,

Klein sees the trend hitting markets such as Asia, which historically has been more resilient to outsourcing techniques. "This is a result not only of 911, but economic difficulty experienced across the Asian market," he says.

### **Industry pressures**

Like any company, Sabre itself is going through a reality check on the recovery of the economy. "Our stock was severely impacted in the aftermath of 911. We took a hit from a capitalisation standpoint. The good news was that by January we had recovered all the ground that we had lost," he says. At the beginning of 2001, Sabre took early measures by removing \$100m cost out of the operating budget. Despite taking out additional costs after 911, its previous actions meant that it was well positioned to weather the storm. "We were on track last year in terms of growth and we finished as expected in our last quarter," he says.

While passengers slowly return to the sky, Klein feels that airline yields are the biggest problem. He feels that Sabre's revenue management suite can be of great benefit to airlines. As long as airlines look at what they need to invest in, and what will bring them the highest return on investment, there are opportunities for Sabre products. Airlines have to know what their critical areas are and they need to make sure they are prepared for the future.

With around 70 carriers using Sabre's reservation system and 50 using its scheduling software and flight operations, the company seems on path to continue extending its position in the aviation sector. "We have narrowed our business over the last year specifically on airline issues. We are investing heavily to make it the best suite available. In some cases, Sabre will buy or invest in a portfolio. Last year, it acquired the company Bornemann Associates, as it had good flight operation capability, along with a deep base of small and medium sized airline customers. "It's a time for opportunities, which is accelerated by our strong financial position and breadth of capabilities," he says.

The growth of the low-cost carriers has resulted in a contraction of airline prices. Consolidation and development among the low costs will continue and Klein feels that it will severely impact the future shape of the industry. He also feels that distribution will change dramatically, with traffic continuing to move on-line. The regulatory environment remains cloudy regarding both security and consolidation. "The industry must have clarity on the security agenda, it is in everyone's best interest", he says. "Regarding broader consolidation, governments have sent mixed signals."

Despite only six months in his current position, Klein's goals are clear - to become the best provider of technology to the airline industry. "We've been working on that for a long time, but until that is broadly validated by the customers, it doesn't mean anything," he says. Klein remains busy executing deals, rather than worrying about where the next one is coming from. "The only long-term planning I am focussed on is where I want to buy a house to retire," he laughs. "Right now I am focused on this business and I don't spend time worrying about personal career planning."

Like many professionals in the aviation industry, it is an area that Klein will always find fascinating. "The airline business is a tough business and despite many people in the industry being able to choose a career in whatever they wish, they decide to stay. "It's tough earning money, there are tough unions to deal with and a tough regulatory environment," he says. "As tough as it is, however, anyone working close to it enjoys coming into work every day." Klein seems intent on continuing to provide the airlines with all the solutions they need in order to help them survive in today's challenging climate. Apart from a dream to open a little restaurant in Tuscany, which has become lost along the way, Klein is happy that on graduating from university the best job around at the time happened to be in aviation. Perhaps Tuscany will now become the focus of his retirement home. ◆



*Latest products are developed in Sabre's extreme processing lab.*