



rackspace

Customer Case Study – Travel & Hospitality

Aeroméxico soars — from digital latecomer to omnichannel leader

Aeroméxico radically overhauled its digital platforms and backend systems, tripling online sales and becoming a standard-bearer for modern customer experience.

Our customer

With over 80 years of innovation and exceptional service, Aeroméxico is Mexico's flagship airline and the leader in Latin American aviation.

The obstacles they faced

Facing subpar online sales and fierce competition from budget airlines, Aeroméxico needed to differentiate its service with a world-class online experience. But to do so, it needed to radically overhaul its entire application ecosystem — while maintaining security and uptime.

How we helped

IT Transformation; Migration; Networking; Hybrid Cloud; Public Cloud; Private Cloud – OpenStack® Private Cloud Powered by Red Hat, VMware®; Rackspace Managed Security - Proactive Detection and Response; Disaster Recovery; Ecommerce

What we achieved together

By successfully building a seamless experience across web, mobile, self-service kiosks and beyond, Aeroméxico tripled online sales, increased mobile penetration by 40% and boosted brand perception.



“Today, the majority of our passengers check in on any of our digital channels, through the mobile app, through our kiosk, through our website, and we have tripled our online sales on Aeroméxico.com.”

Pablo Gomez Gallardo Maass
VP of Ecommerce, Aeroméxico



Innovation as a matter of survival

Aeroméxico knew it was at a crossroads. As the flagship airline of Mexico, it had been operating directly under the Mexican government. But after becoming a private company in the nineties, it suddenly found itself facing stiff free-market competition.

Facing growing pressure from competing budget airlines, Aeroméxico realized that it needed to differentiate its service. And to make that happen, it needed to deliver a world-class passenger experience.

“We barely had check-ins online,” said Pablo Gomez Gallardo Maass, VP of ecommerce and

digital advertising at Aeroméxico. “We did not even have a mobile check-in platform that people could rely on, so they would usually just wait until they got to the airport to check-in.” In addition, Aeroméxico’s payment acceptance rate was “very, very low,” resulting in significant losses in potential revenue.

These issues were having a profound impact on the company’s bottom line. “We knew we had to take immediate action because the market would not wait for us,” said Gomez Gallardo Maass.

Aeroméxico had a difficult decision to make: stick with existing systems and push for incremental improvement, or undertake a dramatic transformation project.

In the end, the airline chose the latter.

“We needed to move away from our comfort zone,” said Benjamin Hernandez, CIO of Aeroméxico, at a panel in 2017. “Our decision to move away from the previous model was because we wanted to differentiate our company from others.”

“In this industry, it’s very common to use the same reservation systems, the same process for check-in,” he explained. “We wanted to move away from that.”

Getting off the ground

In pursuit of delivering an unparalleled omnichannel experience, Aeroméxico set out on an ambitious journey to overhaul nearly all of its existing IT systems.

As Hernandez put it: “We replaced our reservation system. We replaced our ERP. We replaced the flight path system, the crew system, the MRO. Everything was replaced.”

The infrastructure and networking that supported all these systems also needed to be replaced. Given the breadth of its transformation, Aeroméxico knew it needed a partner with expertise across a range of infrastructure technologies and use cases.

Security is imperative

And because these systems were so crucial — with ecommerce representing a critical revenue stream, and with the flight path and crew systems ensuring the safe operation of the airplanes — it also needed a partner it could truly trust.

Ultimately, Aeroméxico teamed up with Rackspace to help architect and manage the diverse range of infrastructure that supports these systems, including an OpenStack-based Red Hat private cloud environment that supports its ecommerce and kiosks, as well as a VMware-based private cloud that handles a number of mission-critical backend applications.

According to Francisco Alva, Technical Support Manager at Aeroméxico, more than 70% of all Aeroméxico's daily transactions are now made through the digital platform hosted by Rackspace.

"You can imagine how much of our sales, our check-in operations and more goes through this ecosystem and this infrastructure," said Gomez Gallardo Maas. "So having a reliable partner there making sure that everything works the way it should, and having our team focus on what they have to do, it's great for the business and for productivity."

Building new skills and solving new problems

According to Hernandez, the most complex component of the entire transformation project was building the right team.

"Aeroméxico is an 80-year-old company that was once part of the government, so we didn't have that talent in the IT area," he said. "Our challenge was to invite new talent into the organization..."

On the ecommerce development side, Aeroméxico went from having a team of five

"We replaced everything. We had good systems. But those systems didn't give us the opportunity to differentiate Aeroméxico."

Benjamin Hernandez
CIO, Aeroméxico



to a team of over 100, according to Gomez Gallardo Maas. But in addition to skilled developers, it also needed battle-tested experts to help design and operate the underlying infrastructure — which is where Rackspace came in.

Together, Aeroméxico and Rackspace were able to take a brand-new ecommerce website and mobile app from absolute scratch to full production in less than one year — a very short time cycle for such a large and complex digital ecosystem.

And because it now had access to the right expertise, Aeroméxico was able to carefully architect the ecommerce site using an API-driven approach that would greatly simplify future projects.

For example, when the Aeroméxico team replaced the application for its self-service ticketing kiosks in the Mexico City airport, it took fewer than four months. Then, using the same API, it built and deployed a Facebook chatbot for check-in and support in just a single month.

And throughout all these projects, Rackspace was there with the airline every step of the way, said Gomez Gallardo Maas: "I don't feel that the support that we get from Rackspace is limited to any topic. There have been situations where we've encountered some technical problems, probably not related to infrastructure, and the Rackspace team pretty much joins the call in minutes...That's what you need when you are responsible for such a large infrastructure. You need people you can rely on, no matter if it's within the scope of work or not."

Sergio el Castillo, a Server Specialist at Aeroméxico, fully agreed: "Nobody has given us a 'no' for an answer. Rackspace has always helped us."

And as Aeroméxico's IT strategy has evolved, Rackspace has pivoted to continue providing support.

For example, it eventually became apparent that Aeroméxico could realize significant cost savings by moving certain workloads off of an AWS environment, which Rackspace had helped design and manage. Whereas a traditional infrastructure provider might have resisted Aeroméxico's need to change platforms, Rackspace fully supported the move — even providing architecture and migration services to get the application up and running on a VMware-based private cloud.

“The migration from a public cloud to a private cloud on [VMware] has been very successful, enabling Aeroméxico to create an [improved] economy-of-scale,” said Sergio del Castillo, Server Specialist at Aeroméxico. “Capacity can be added quickly to avoid crashing servers and losing sales.”

“We know that there is a group of people behind us that we can rely on, operating our different environments,” agreed Luis Felipe Valadez, Infrastructure Manager at Aeroméxico.

Minimizing risk amidst disruptive transformation

To ensure that its critical systems remain highly available throughout all this change, Aeroméxico also leverages a Disaster Recovery solution built on Rackspace Public Cloud powered by OpenStack. This deployment, which began as a humble sandbox testing platform, now plays a critical role in maintaining the availability of Aeroméxico's ecommerce site, as well as providing additional on-demand computing capacity to handle demand spikes.

In addition, Aeroméxico partnered with Rackspace to implement a range of security controls, including Intrusion Detection Services, load balancers and firewalls. But the Rackspace Managed Security team goes far beyond simply providing access to tools, taking a highly proactive approach.

“They alert us about any incident,” said Alva. “In addition, we don't have to worry about operational tasks, like whether the patching to the [Operating System] is done properly in a timely manner. We have cybersecurity services such as scanning, vulnerability [testing] and penetration tests, with which we are given reports, and [the Rackspace Managed Security Team] start[s] doing work to mitigate the problems,” he added.

“We have been very satisfied in terms of security because we know that they are up to date in cybersecurity and possible new attacks,” said Alva. “This allows Aeroméxico to operate with high availability, and we are sure that we are doing things right and safe.”

Real innovation brings real ROI

As a result of these efforts, Aeroméxico now has a new website, new mobile apps, chatbots and modern self-service kiosks that all work seamlessly together to provide a cohesive, customer-friendly experience.

What does all this really mean for the business? Serious, measurable ROI.

“During the last three years, Rackspace has helped Aeroméxico achieve a really smooth digital transformation that has definitely accelerated the penetration of our online ecosystem,” said Gomez Gallardo Maas. “Today, the majority of our passengers check in on any of our digital channels, through the mobile app, through our kiosk, through our website, and we have tripled our online sales on Aeroméxico.com.”

And a 300 percent increase in online sales is just the beginning. Before the overhaul, almost none of its customers used the mobile app to check into flights. Now, almost all of them do, resulting in improved operational efficiency and customer satisfaction.

The new kiosk systems have resulted in similar improvements to the customer experience, according to Hernandez, including “50 percent less time to check in your passport because you just scan it and you're done.” And other improvements — such as onboard entertainment, wifi, and being the first carrier in Latin America to offer onboard Netflix — have further differentiated Aeroméxico from its competitors.

According to a 2017 panel with Aeroméxico, additional business outcomes include:

- 50% performance increase across user interfaces
- 40% increase in mobile penetration
- 4x conversion rate on mobile devices
- Increased security and fraud check to 90% acceptance rate on credit cards across all platforms

And equally important was the impact of this transformation on Aeroméxico's brand reputation — proving to customers that while Aeroméxico does have a long and storied history, it's also the most modern, forward-thinking airline in the region.

As Aeroméxico continues to look ahead to the next horizon, innovation is becoming its new north star. Among other projects, it's currently developing a sophisticated business intelligence system — partly in partnership with Rackspace — that uses big data to provide a 360-degree view of its customers in order to drive marketing initiatives and better inform business decision-making.

“Our previous systems didn't give us the opportunity to differentiate Aeroméxico,” said Hernandez. “Our customers value this new change, this transformation. Now we have more flexibility, and more freedom to innovate.”

About Rackspace

At Rackspace, we accelerate the value of the cloud during every phase of digital transformation. By managing apps, data, security and multiple clouds, we are the best choice to help customers get to the cloud, innovate with new technologies and maximize their IT investments. As a recognized Gartner Magic Quadrant leader, we are uniquely positioned to close the gap between the complex reality of today and the promise of tomorrow. Passionate about customer success, we provide unbiased expertise, based on proven results, across all the leading technologies. And across every interaction worldwide, we deliver Fanatical Experience™ — the best customer service experience in the industry. Rackspace has been honored by Fortune, Forbes, Glassdoor and others as one of the best places to work.

Learn more at www.rackspace.com or call **1-800-961-2888**.

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