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WNS and Virgin Atlantic Partnership Takes Off: Revenues Accelerate through Improved Processes | Article

Virgin Atlantic, a long-haul airline, is well known for thinking outside the box to enhance the in-flight experience. Less known is the way Virgin has applied similar innovation to its behind-the-scenes operations.

By 2004, Virgin's passenger traffic had increased — a success for the airline, especially given rising fuel prices, a volatile business environment, and a saturated employment market. This also meant Virgin had to manage rapid growth while keeping overhead costs down. So, executive management decided to re-evaluate its operating model to improve efficiency, increase its competitive advantage, and employ a scalable workforce.

"Virgin felt outsourcing was a strategic approach to meet these objectives but wanted more than an outsourcing supplier," says Jeremy Carrington, head of procurement for Virgin Atlantic at the time. "We needed a partner that understood both the industry and Virgin's unique culture."

Why Virgin Atlantic selected [WNS](#) Global Services

After a rigorous selection process, Virgin selected WNS Global Services (WNS) because of its experience and proven track record in the travel industry. "Industry expertise was the key. We wanted to ensure we chose a provider that understood the complexities of our business," Carrington explains. "WNS's knowledge was comprehensive and its solutions flexible. They could talk the talk."

Virgin outsourced its revenue accounts, which involved complex inter-airline tracking and billing. WNS also provided contact center and data processing services. This included handling e-mails, calls, and mail about reservations, ticketing, fares, baggage tracing, frequent flyer inquiries, and post-flight complaints. Data processing focused on meal allocation, cabin crew reporting, and cargo revenue management.

"Since starting life as a captive for a global airline, WNS had developed significant capabilities in travel," says Peter Grover, executive vice president of Travel, Europe for WNS. "Revenue accounting, lost baggage customer care, operations support — such services had become part of our DNA."

Extending the Virgin enterprise

WNS currently has 550 people in India servicing the Virgin Atlantic account. "The WNS-Virgin partnership started with 10 employees and one process. After success with one, we've scaled to 30," Grover says of the growing relationship. "Our goal was to be an extension of the Virgin enterprise."

To build the foundation for a successful partnership, Virgin and WNS implemented strategic training methods.

Virgin Atlantic provided insight on company-specific policies and procedures to WNS trainers, who returned to India to train their teams. The airline also sent experts to India to set up processes and work closely with WNS through the initial stages of integration.

WNS and Virgin chose not to establish service level metrics before transitioning processes. “We wanted to identify areas in need of improvement before creating concrete SLAs,” Carrington recalls. “So, we agreed to execute the transition, stabilize the process, and then determine service levels after a three-month baseline exercise.”

Communicating change

Securing internal support for the decision to offshore was a priority for Virgin. The airline coordinated ambassadorial trips to India for its senior management. “These visits allowed our executives to see firsthand how WNS operated. We wanted to prove WNS was a partner committed to upholding our standards of success,” says Carrington.

With colleagues at Virgin’s headquarters, Carrington continually emphasized WNS’s history in the travel sector, deep industry knowledge, and flexible business model. “The majority of employees fully supported the decision to offshore and recognized its value,” explains Carrington.

Why this relationship works

In effective outsourcing relationships, both parties must commit to achieving the same strategic goals.

“The senior management of both organizations recognized the criticality of this relationship and dedicated significant time and effort to make it work successfully,” adds Grover. “We functioned as one enterprise and addressed challenges jointly, using shared resources to resolve them.”

“WNS’s partnership approach impressed us most of all,” says Carrington. “From day one, WNS’s executive management was highly engaged in the relationship. The team had direct access to the CEO, CFO, even the chairman.”

Carrington also had 24x7 access to an on-site WNS account manager who not only helped direct communication but also served as a cultural liaison between Virgin’s headquarters and India.

Meeting challenges creatively

WNS and Virgin found innovative ways to address attrition rates, often at 30 to 40 percent across the industry. Senior managers put their own bonuses at stake, demonstrating their commitment to resolving the issue. Virgin Atlantic also worked with WNS to provide a comprehensive incentive plan including retention bonuses and free airline tickets to the best performing agents.

In addition, due to airport offices worldwide, Virgin needed to establish an enterprise-wide customer service system in baggage tracing. WNS re-engineered previous processes to create a new system that streamlines lost baggage support. This includes keeping passengers informed on the status of their baggage through proactive calls, which helps increase customer satisfaction.

Business benefits

WNS has enabled Virgin to perform existing processes faster and “implement new ones, such as amendments to bookings,” explains Carrington. By standardizing and automating processes, Virgin can now focus on more strategic initiatives. Offshoring allowed the airline “to consider business streams it had not previously imagined,” noted Grover.

Offshoring also enables flexible call center service. "The cost differential allows us to add more staff. With additional employees, centers can handle fluctuating call volumes more effectively and deliver better overall service," Carrington explains. Rigorous voice training has ensured that quality is standardized between calls handled in house and offshore.

In addition, customer service has improved. By merging offshore and domestic teams, Virgin provides a 24-hour baggage helpline to passengers. WNS also helps promote efficiency in Virgin's lost baggage processes with outbound calling and tracking support.

The cost savings achieved through the partnership has delivered on expectations. The airline is enjoying nearly 50 percent savings, Carrington reported.

Proof that this relationship has taken off: The Virgin Atlantic and WNS contract has recently been renewed for five years.

Lessons from the Outsourcing Journal:

- Airlines have specific challenges. Buyers should seek a supplier with industry knowledge that can "talk the talk."
- Outsourcing helps airlines during periods of turbulence as well as times of rapid growth.
- Investing time and effort in partnering is critical to managing a successful outsourcing relationship.
- Buyers should seek a provider that constantly improves processes. A supplier's domain knowledge enables an airline's back office to innovate and helps drive its bottom line.
- Offshoring can provide cost savings and improved customer service.

- See more at: <http://www.outsourcing-center.com/2008-09-wns-and-virgin-atlantic-partnership-takes-off-revenues-accelerate-through-improved-processes-article-37346.html#sthash.0dWX3tYM.dpuf>