

ascend

taking your airline to new heights

the global advocate



A Conversation With...

Giovanni Bisignani
director general and CEO
International Air Transport Association

page 38

INSIDE

6

g overnment regulations
affect globalization

42

I atin American carriers
grow regionally

50

AirAsia overcomes challenges
to its t hai-based subsidiary

Bridging the Gap

Rapidly growing Kingfisher Airlines, looking to increase its reach in the travel agency channel in the India market, implemented innovative solutions to enable the airline to work with global distribution systems.

■ By Stan Boyer and Jenny Rizzolo | *Ascend* Contributors

When Kingfisher Airlines, one of the fastest-growing carriers in India, launched operations last year, it focused largely on online distribution of its product. The airline created online booking capabilities for both travelers and travel agents, but it quickly discovered such a strategy had its limits, particularly given the nature of its market. In India, most airline tickets are sold by travel agencies using a global distribution system. To increase its distribution as well as be displayed alongside competitors as travel agents booked flights, airline executives realized they needed to adjust their strategy to incorporate the agency channel.

In most areas of the world, airlines and agencies operate in a bank settlement plan environment with its traditional sale and report methodology. In a standard BSP environment, the traditional sale and report methodology works well because the International Air Transport Association has created online reports for agencies for both paper and electronic ticketing.

The traditional sales reporting methodology, however, does not work well in areas where there is no BSP or only limited BSP capabilities, such as the domestic market in India.

Initially, Kingfisher Airlines, which has quickly grown to offer 100 flights a day to nearly 20 cities in India, developed a custom system capable of setting credit limits for agencies, enabling them to issue tickets — with Web-based statements issued at pre-determined settlement periods. This reversal of the traditional BSP model worked well for the Indian marketplace, but it would have to be recreated to enable Kingfisher Airlines to work through GDSs.

Specifically, Kingfisher Airlines' custom system would have to be redeveloped to accommodate several conditions:

- The airline wanted to permit travel agencies to use a GDS to book seats and issue tickets.



Photo courtesy of Kingfisher



Photo by Dindodia Photo Library

When Kingfisher Airlines realized it needed to better utilize travel agents to distribute its product in the India domestic market, it adjusted its strategy and processes to incorporate distribution through traditional global distribution systems.

- Some IATA agents were not members of BSP for the domestic market.
- The airline was 100 percent ticketless (and 98 percent paperless),
- The Indian government requires airlines to calculate and pay a tax on agency commissions.

To meet these challenges, Kingfisher Airlines staff worked with its key technology provider, the *Sabre Airline Solutions*® business, to implement the *SabreSonic*® Res hosting solution to permit working through GDSs. As part of creating a solution for Kingfisher Airlines, the *Sabre Airline Solutions* team repurposed



Date	Ticket No	Type	Pax Name	Value	Commission	BSP	Balance
9 - 11 August 2006							
Balance Due 01 Aug 06							-8.88 INR
03-Aug-2006	246040731	TKT	JOHNN	4,500.00 INR	-377.50 INR	21.18 INR	8,267.36 INR
03-Aug-2006	246040736	TKT	JOHNN	4,500.00 INR	-377.50 INR	21.18 INR	12,431.04 INR
03-Aug-2006	246040739	TKT	JETHAMS	4,500.00 INR	-377.50 INR	21.18 INR	4,143.68 INR
03-Aug-2006	246040738	TKT	JETHAMS	4,500.00 INR	-377.50 INR	21.18 INR	16,574.72 INR
03-Aug-2006	246040740	TKT	DOOSTAUS	4,500.00 INR	-377.50 INR	21.18 INR	20,718.40 INR
03-Aug-2006	246040741	TKT	DOOSTAUS	4,500.00 INR	-377.50 INR	21.18 INR	24,862.08 INR
03-Aug-2006	246040742	TKT	GERARDO	4,500.00 INR	-377.50 INR	21.18 INR	29,005.76 INR
03-Aug-2006	246040743	TKT	GERARDO	4,500.00 INR	-377.50 INR	21.18 INR	33,149.44 INR
03-Aug-2006	246040744	TKT	THOMASUS	4,500.00 INR	-377.50 INR	21.18 INR	37,293.12 INR
Balance Due 15 Aug 06							86,169.12 INR

As part of a solution to permit Kingfisher Airlines to distribute through global distribution systems, Sabre Airline Solutions utilized functionality from the Sabre Corporate Loyalty System to provide travel agencies with a credit limit that would enable agents to sell tickets using their account — a key requirement in a market with limited bank settlement plan capabilities.

functionality in the Sabre® Corporate Loyalty System that had been originally designed for corporations. The system offered several features that proved useful, including the ability to create statements and invoices because the system was designed to accept feeds from an airline's revenue accounting system.

The combined team divided the solution into three parts, each aimed at a specific travel agency group:

- Non-IATA agencies that would use Agency Portal module of SabreSonic™ Web,
- IATA agencies that were not a part of the fledgling domestic BSP,
- IATA/BSP agencies.

Non-IATA Agencies

For non-IATA agencies, the team linked SabreSonic™ Web to the Corporate Loyalty system by providing each agency an interactive account or credit limit in the loyalty system. Agents can sell tickets using their credit limit form of payment, which is dynamically updated with each ticket transaction. The agency has the ability to view daily transactions via SabreSonic Web so there are no surprises at settlement time.

Non-BSP IATA Agencies

This group of agencies needed a non-BSP e-ticketing solution that would work with their respective GDSs. Thanks to work that had already been performed by Abacus, a

joint venture partner with the Sabre Holdings® business, the team rolled out a solution called ETAT, which is an electronic version of the airline's own ticket stock. Two GDSs are presently able to support this product.

The GDSs provide a daily ticket sales file that is uploaded to the Corporate Loyalty system, which then updates the agency credit limits. Since the airline is participating at high con-

nectivity levels in GDSs, it can control agencies' ability to book and ticket once the credit limit is reached using controls in SabreSonic Res.

IATA/BSP Agencies

The IATA/BSP agencies will report through the newly implemented BSP. Because of an Indian government requirement that airlines must pay a tax on agency commissions, and the fact that BSP has decided not to calculate this tax, the team had a choice to make. It could either enhance the Quasar™ passenger revenue accounting system to calculate the tax on commission and create invoices or it could allow the Corporate Loyalty system to act as a front end for the revenue accounting system. The team chose the latter solution due to flexibility and time-to-market concerns.

Completing the Bridge

With this solution in place, BSP HOT files are uploaded to the Corporate Loyalty system fortnightly, the tax on commission is calculated and the transactions are combined with the other agency groups' transactions to create a combined HOT-like file that is then transmitted to the Quasar system, thus completing the bridge.

Kingfisher Airlines migrated to the new system two weeks early in July 2006. The innovative solution created by the Sabre Airline Solutions team can be utilized by nearly any airline in the world. ■

Stan Boyer is delivery director for the consulting practice at Sabre Airline Solutions and Jenny Rizzolo is the product specialist for corporate loyalty. They can be contacted at stan.boyer@sabre.com and jenny.rizzolo@sabre.com.

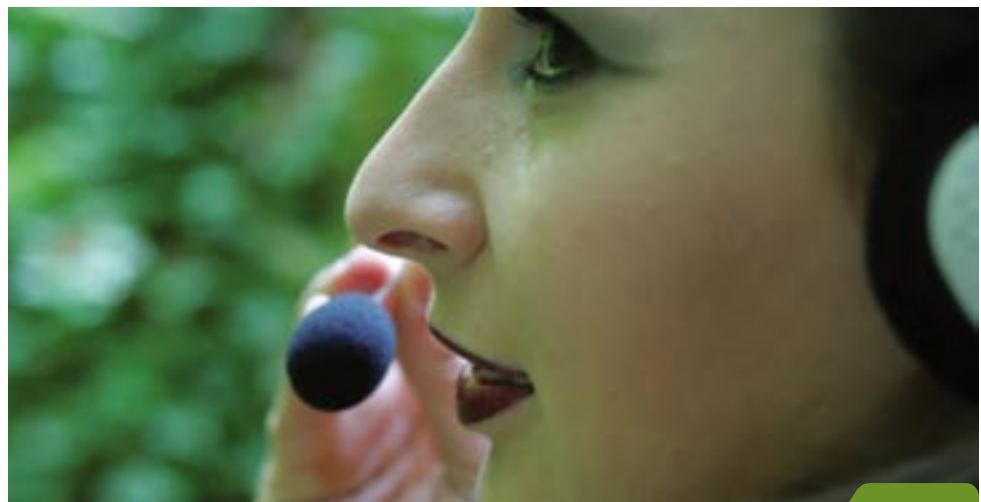


Photo by Dreamstime.com

Travel agencies remain the largest channel for airlines to distribute their product in India. Kingfisher Airlines adapted its business model to utilize this channel and better compete with other airlines.