

A MAGAZINE FOR AIRLINE EXECUTIVES

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MAKING EVERY DOLLAR COUNT

A Conversation with ...

Brett Godfrey,  
CEO, Virgin Blue

## INSIDE

New Approach to Cost  
Reduction Provides  
Benefits

Aeroflot Reshapes Itself

American Airlines  
De-Peaks Its Hub and  
Spoke Structure

# Distribution Simplified

## Automated Tool Helps Manage Complex Compensation Programs

■ By Erin Buth | Ascend Contributor

Airlines are focusing on controlling distribution costs as part of an overall strategy to operate as economically as possible.

Since more than 70 percent of bookings today are distributed through travel agencies, airlines are focusing on administering agency compensation more efficiently and effectively to ensure every aspect of distribution costs are properly managed.

Although airlines have cut back, and in some cases eliminated, commissions paid to travel agents, many still maintain performance-based agreements with agencies and rely on them to apply the correct compensation amount.

Airline commission policies are complex, varying by geographic area, point of sale and type of distribution.

Keeping track of these various

compensation amount is applied to air tickets when the ticket is issued, enables airlines to manage precise compensation policies and ensure compliance on every ticket. When errors in the compensation rate are made, recovering the money can be a cumbersome process. The *Compensation Manager* makes it impossible to override the compensation amount.

Studies have shown that carriers can reduce their commission expense on average by 15 percent and by as much as 46 percent through the use of the *Compensation Manager*.

The *Compensation Manager* allows instantaneous introduction of compensation changes via a unique and secure Internet connection and provides many benefits to airlines of all sizes, including:

- Enabling airlines to adapt to the changing travel market by quickly making compensation adjustments based on their individual needs,
- Efficiently and effectively applying variable and enforceable compensation,
- Allowing for a quick and cost-effective method of changing compensation policies and procedures,
- Significantly decreasing administrative costs for participating carriers through reduction of commission-related debit memos.

The tool, which requires no new hardware or software, also helps airlines automate, centralize and better manage all compensation policies, including bonus and override agreements. The *Compensation Manager* enables airlines



The *Compensation Manager* helps airlines automate, centralize and better manage all compensation policies, ensuring that the correct and appropriate amount is applied to air tickets when the ticket is issued.

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agreements and ensuring only the proper commissions are paid can be difficult and costly unless utilizing sophisticated decision-support tools such as the *Sabre® Compensation Manager*.

The *Compensation Manager*, an automated compensation administration system and information database that ensures the correct and appropriate

to offer special commission incentives to travel agencies and produce customized rule activity reports. Additionally, it increases profitability by encouraging travel agents to sell fares with a higher yield. Essentially, the *Compensation Manager* creates cost efficiencies that improve the bottom line.

This system is particularly useful for airlines that derive a significant portion of their revenue from high-yield transactions such as long-haul markets, premium business travelers and



close-end departure fares.

Commissions on high-yield fares create a wide field for distribution strategy and compensation performance. The auditing function of the *Compensation Manager* easily handles the most complex payment structures. Additionally, it enables airlines to remain nimble so they can react to changes in

the marketplace or create and immediately implement new policies. The flexibility delivered by the comprehensive number of commission-targeting criteria gives airlines the ability to apply commission policies however they wish.

Several airlines around the world currently utilize the tool to manage their travel agency programs. For immediate

deployment of airline distribution strategies, the *Compensation Manager* is the optimal solution, and it stands alone in the marketplace as the most advanced tool for airlines to use to help manage their distribution objectives. ■

*Erin Buth is a sales marketing manager for Sabre Travel Network.*

## News Briefs from Around the Globe

## THE HIGH-LEVEL VIEW

### News from Asia

Pakistan International Airlines selected the *Quasar*<sup>™</sup> passenger revenue accounting system. PIA, based in Karachi, Pakistan, is the eighth airline to select the *Quasar* system.

The *Quasar* system processes airline ticket transactions for accurate and timely recognition of earned revenue. The system enables PIA to reduce costs, increase revenue and analyze detailed marketing data to enhance its competitive position. The system is available as an application service provider solution under the *Sabre*<sup>®</sup> *eMergo*<sup>™</sup> Web-enabled and dedicated network solutions, or it can be installed on site.

"We have maintained a long-term IT partnership with Sabre Airline Solutions and have been successfully using a number of its solutions," said Kaleem Malik, chief financial officer at PIA. "The combination of Sabre Airline Solutions' reputation as a software supplier and the *Quasar* system's functionality were key factors in our decision process. We believe the *Quasar* system will be an important tool in helping us further improve our business operations."

PIA, in service since 1947, carries approximately six million passengers per year, with an average of 160 daily departures, serving 74 airports with 46 aircraft.

### News from Sabre Airline Solutions

EyeTicket Corp. and Sabre Airline Solutions have formed a new marketing alliance to provide *JetStream*<sup>™</sup> passenger processing to Sabre Airline Solutions customers worldwide.

The terms of the alliance give access to EyeTicket's *JetStream* and *EyePass*<sup>™</sup> products and services to Sabre Airline Solutions' airline, airport and immigration control

customers. EyeTicket, a Virginia-based developer of high-volume public processing and access control using iris recognition identification, has the reciprocal ability to offer the *Sabre*<sup>®</sup> *Aerodynamic Traveler*<sup>™</sup> passenger processing solutions and other Sabre Airline Solutions products to its customers.

*JetStream* is an iris-recognition-based service that positively identifies travelers, simplifies and expedites transactions, and provides maximum security and risk management at a competitive cost. After a quick one-time enrollment, customers can check-in and board the aircraft, check bags, or clear passport control simply by looking into a video camera for a couple of seconds. The transactions are easy, fast and secure.

The *Aerodynamic Traveler* solutions provide passenger processing tools designed to increase agent mobility, improve airport efficiency and maximize airline customer satisfaction by providing the highest level of service to passengers at the lowest possible cost.

"EyeTicket is very pleased to team with Sabre Airline Solutions in bringing biometric passenger processing to the transportation community," said Stewart Mann, EyeTicket chairman and CEO. "Sabre Airline Solutions' core competence and strong position in the transportation industry will be pivotal in introducing and successfully implementing biometrics on a broad scale."

"We offer the most advanced solutions to address the current environment, from streamlining passenger processing at the airport to providing technology to respond to security requirements," said Steve Clampett, president of airline products and services at Sabre Airline Solutions. "While this environment continues to evolve, this agreement ensures that we will have the solutions ready to respond as requirements change." ■