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IN THE BLACK
A conversation with ...

**Joe Leonard, CEO
and Chairman,
AirTran Airways**

page 59

INSIDE

22

Lufthansa benefits from
close-in re-fleeting

45

Cathay's cargo business
drives revenue

76

Frontier Airlines enlists
strategic partners

Revenue Integrity: A Growing Necessity

An effective revenue integrity program highlighted by essential automated tools and reliable internal business processes can help airlines achieve substantial revenue growth.

■ By Gwynn Turner | *Ascend Contributor*

In the critical pursuit for revenue growth and cost containment, many airlines have overlooked one of the most attractive available sources of revenue expansion: a low-risk, high-reward revenue integrity strategy (see related article on page 29). A broad organizational focus on stemming revenue leakage can yield revenue improvements and cost reductions with minimal investment.

What exactly is revenue integrity? Also known as flight firming, it ensures that passengers travel within the conditions applied to their ticket. By identifying and eliminating non-

revenue generating bookings, airlines obtain a truer picture of their available inventory closer to departure and are able to take appropriate measures to convert unsold inventory into revenue-producing inventory.

Manually identifying and enforcing ticketing time limits, handling passive segments, and duplicating segments and passenger name records can be fairly inefficient and cost prohibitive for many carriers. A successful revenue integrity program must consist of implementing auto-

software technology for the rapid creation of robotic processes that interfaces with global distribution systems, airline reservations systems, databases, e-mail servers and Web services. Processes within the *SmartFlow* tool kit are created in a graphical environment using familiar point-and-click and drag-and-drop actions, and the tool kit enables carriers to create processes faster and more intuitively than any other offering in the industry. Airlines utilize the tool kit to enhance waitlist management, passenger reaccommodation, disruption management notification and down-line segment cancellation.

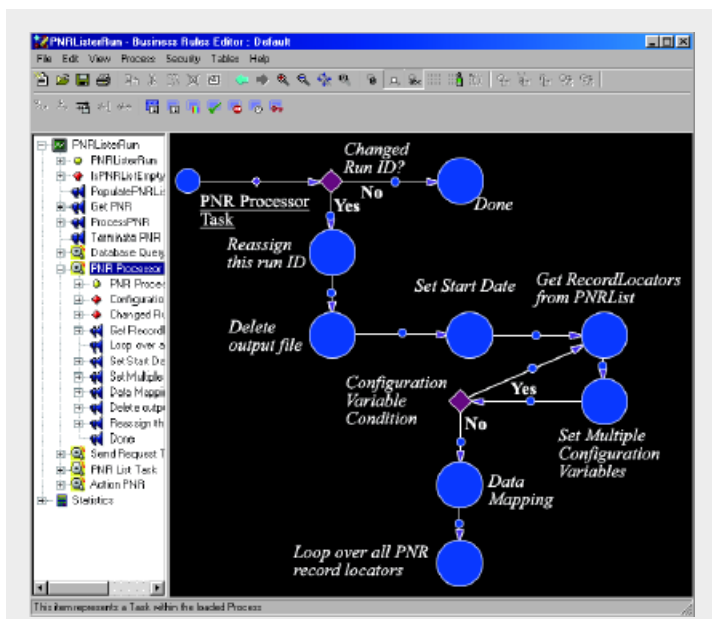
■ **SabreSonic™ Revenue Integrity** — A solution that helps airlines optimize their overall revenue per flight, which focuses on eight predefined processes including ticketing time-limit enforcement, duplicate segment cancellation, duplicate PNR cancellation, passive segment cancellation, fictitious bookings, fictitious ticket numbers, restricted credit cards and restricted passengers.

■ **SabreSonic™ GDS Analysis** — Technology that enables airlines to evaluate fare and other data on the GDS to ensure consistency and data integrity with the actual fares attached to their inventory on their host reservations system. By identifying erroneous information and correcting it in the GDS, carriers can prevent unnecessary credit memos, customer dissatisfaction and negative agency relationships.

across all distribution channels, with appropriate follow up in a timely manner. Sabre Airline Solutions' recent acquisition of Lanyon Digital Queue enhances its portfolio with an end-to-end flexible and highly effective solution for revenue integrity management, rapid creation of robotic processes, and data consistency and accuracy assurance across multiple global distribution systems. Sabre Airline Solutions has created three product offerings based on the Lanyon Digital Queue platform:

■ **The Sabre® SmartFlow™** tool kit — A new-generation

An effective, consistent revenue integrity program enhances customer satisfaction by increasing passenger access to seats. It also lowers costs. For example, a typical airline meal costs between US\$7 and US\$30, depending on the cabin booked. Meals are catered based on the booked load so no shows often result in over-catered services.



The business rules editor within the *SmartFlow* tool kit streamlines process creation. With the simple-to-use graphical interface, airline analysts can quickly build processes without the need for programming expertise or knowledge of scripting languages.

Matching resources to more accurate demand can significantly reduce customer service costs. In addition, a well-managed revenue integrity program improves forecasting and scheduling. Over-forecasting is reduced, improving seat factors and revenues. Capacity can be better matched to demand either through an ad hoc schedule change approach or by changing components of a future schedule such as capacity, frequency, routing or product.

There are several examples illustrating the return on investment from a sound revenue integrity program.

Airline Revenue Integrity Group

The Airline Revenue Integrity Group, or ARIG, was established as a forum for airlines that utilized revenue integrity or were interested in implementing a revenue integrity department within their revenue management and distribution areas to share best practices and ideas. Since ARIG's inception in 1998, participation has grown from seven to 30 airlines worldwide including British Airways, Air Canada, Alaska Airlines and Air France.

"Actions should always be taken at the same point in the booking cycle on all flights or not at all," said Paul Rose, founder of ARIG and an airline revenue management consultant specializing in revenue integrity. "Airlines will succeed by automating revenue integrity processes and applying them consistently."

Increasingly, airlines are finding in the current business climate that new business is hard to acquire, or in some markets, business is actually declining due to new low-cost

entrants. Therefore, in order to maintain profitability, compete with new entrants or even simply survive, traditional carriers place a strong emphasis on controlling costs.

Well-established revenue integrity practices supply the ideal solution to reduce GDS costs, which are considerable for most carriers. Revenue integrity also increases seat availability, reduces no shows and late cancellations, which all result in unnecessary costs and lost revenues for airlines. Carriers that have implemented revenue integrity solutions have typically seen immediate beneficial results, typically producing a 1 percent revenue improvement. Yet, costs of implementing a revenue integrity solution are extremely low, thus offering an instant and high return on investment.

When considering a revenue integrity program, airlines often need to be convinced that they will receive a worthwhile return on their investment.

"Several of the leading airline experiments of revenue integrity programs have achieved more than US\$75 million per annum in measurable benefits for an annual investment of less than US\$790,000," Rose said.

British Airways

British Airways, the first airline to utilize the *SmartFlow* tool kit, has been leading industry proponents of revenue integrity practices.

"We are delighted with what we have been able to achieve; our automated tool (the *SmartFlow* tool kit) has far exceeded our initial expectations," said Paul Reynolds, revenue integrity team manager for British Airways. "We

believe it is the best of breed in robotic revenue integrity software.

"Our primary use of the tool has been to automatically search through PNRs and apply a time limit when the agent must issue a ticket for that booking. If the booking has not been ticketed when the time limit has passed, we use the robot to cancel the booking. The benefits of this tool are immense, tens of millions of pounds annually, and are

based on recovering what would have been a wasted seat on a full flight and allowing a genuine sale to take its place. This also allows us to reduce the extent of overbooking as we have increased the certainty of our demand forecasting. Our customers also get great benefit as they are able to get a seat on a full flight that otherwise would have been denied to them."

The *SmartFlow* tool kit enables airline analysts to write the processes themselves, combining excellence in core software functionality with the business knowledge of industry experts.

"This has allowed us to expand our use of the *SmartFlow* tool kit in the revenue integrity field," Reynolds said. "We use it to identify discrepancies between the schedule we are planning to operate and the schedule currently displayed in the GDS, thus avoiding the risk of selling the wrong schedule. The user-friendly nature of the product means we have some very sophisticated, but highly personalized processes tailored to the demands of individual markets and even market segments within countries."

British Airways has recently expanded its use of the tool kit to include the field of managing contact with the customer during operational disruptions. It can trawl through the list of bookings and then e-mail or text message passengers, informing them of the flight delay or cancellation.

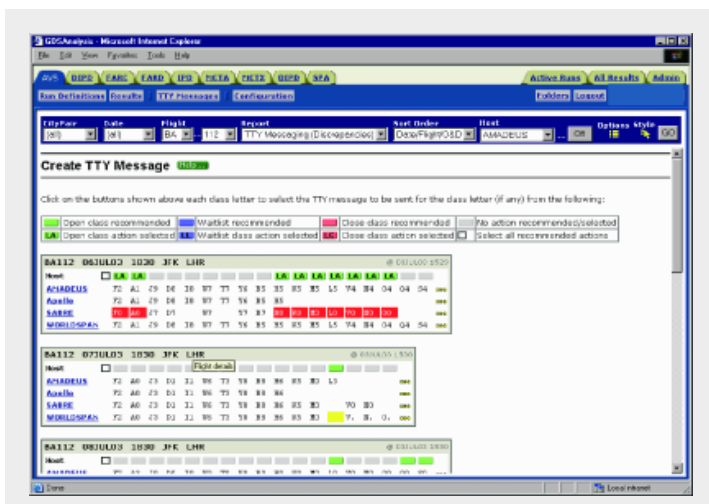
"The *SmartFlow* tool kit was designed as a PNR processing tool, but we have used it as a very effective workflow management tool, leading to significant time savings for our busy staff," Reynolds continued.

Sabre Airline Solutions' revenue integrity solutions help airlines achieve value in five key areas:

- Detecting and optimizing less profitable bookings,
- Reducing and normalizing overbooking,
- Eliminating inventory spoilage,
- Ensuring fares/availability consistency across GDSs,
- Improving forecasting and scheduling.

More than 200 airlines around the world rely on Sabre Airline Solutions for advanced decision-support tools that help increase revenues and improve operations. Implementing an effective revenue integrity program supported by industry-leading technology will position airlines for long-term success. **E**

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Availability discrepancy is one of several modules offered in *GDS Analysis*, a solution that helps airlines evaluate fare and other data to ensure consistency and data integrity.