

African Airlines: Strategy for Sustainable Development and Competitiveness



***Business Process Outsourcing
BPO***

Outsourcing for Competitiveness

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African Airlines Association**

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Hahn Air Lines GmbH

- ✦ Established in 1997.
- ✦ A full member of IATA, IATA Clearing House, MITA and ERAA.
- ✦ Scheduled service between Zurich and Salzburg.
- ✦ **Major focus on providing distribution services to airline companies.**
- ✦ Interline agreements with more than 120 carriers worldwide.
- ✦ 39 BSP memberships worldwide, coverage of 46 countries.
- ✦ Joint cooperation with Lufthansa Systems, a IATA StB strategic partner.

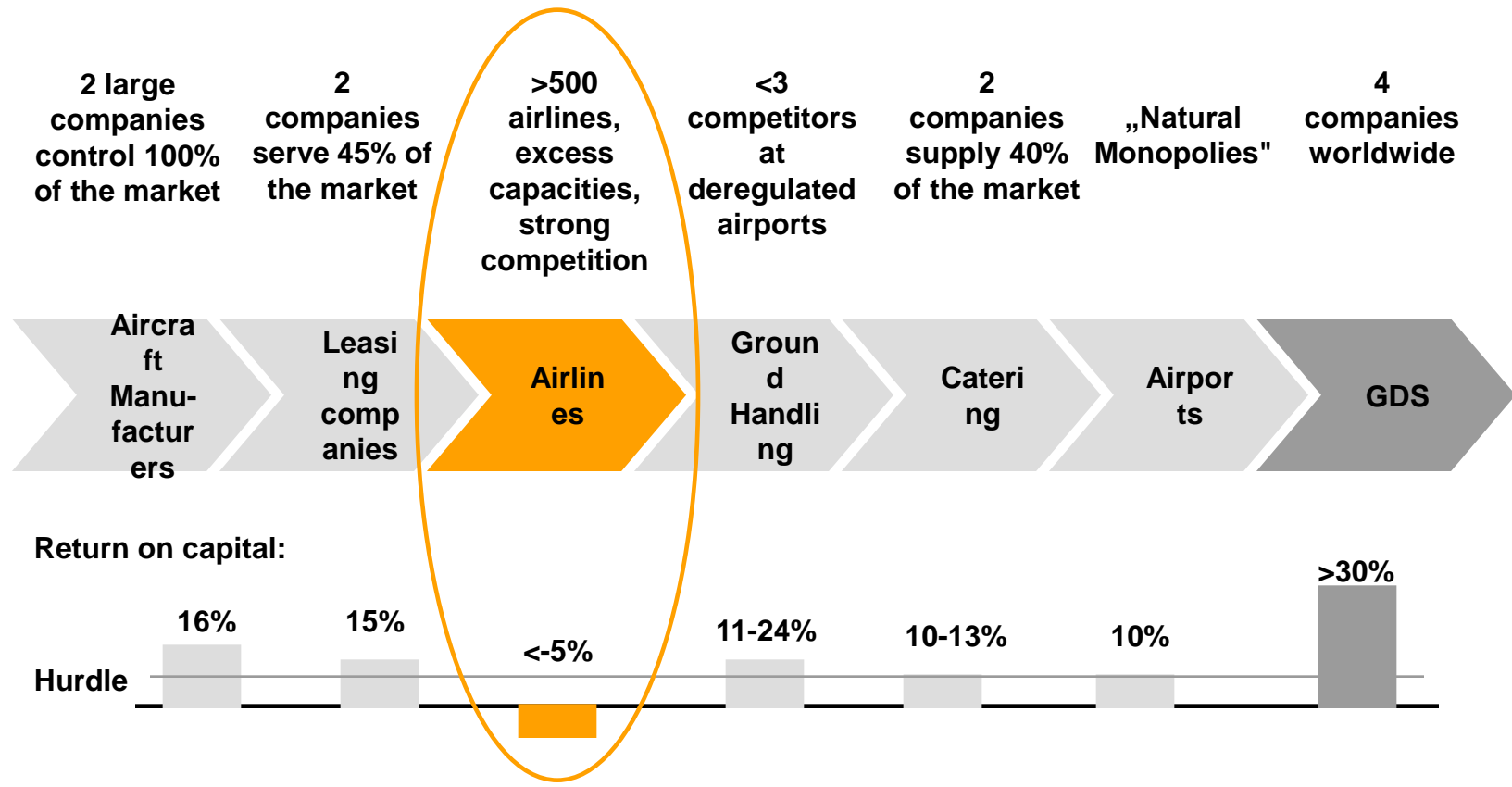


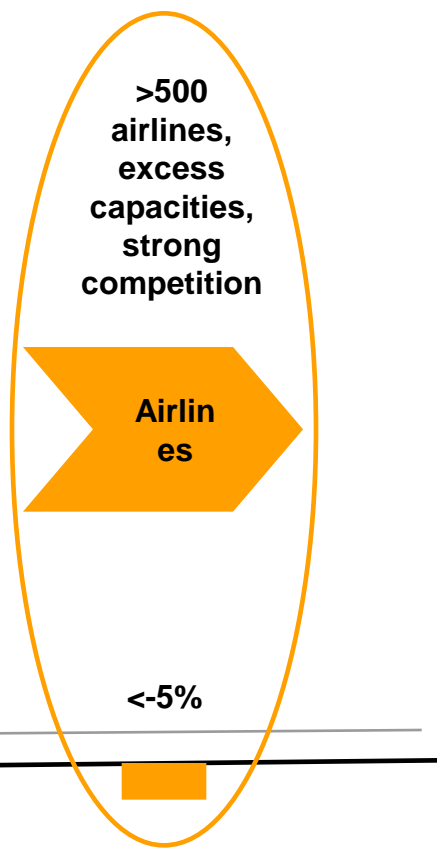
Outsourcing and Process Reengineering

Airline Marketing Distribution Network

e-Ticketing and e-Interlining BPO

Airlines: The Weakest Element of the Value Chain





Revenues

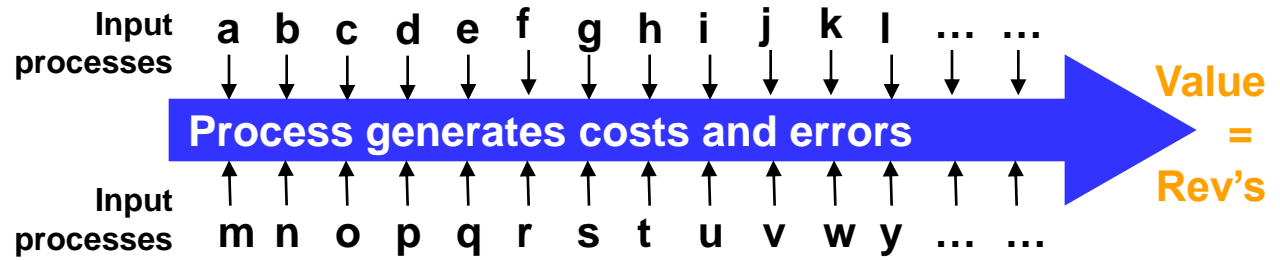
- Seek incremental revenues opportunities
- Deliver only what customers value

Costs

- Cost reduction/cost cutting inevitable
- Your influence/power limited (oligopoly)

Experience from other industries – e.g. manufacturing

- Focus on *Process of creating value for customer*



- Process Analysis* (Jack Welsh's "Destroy your business")
 - Core, Supportive, Redundant
- Process reengineering / KAIZEN improvements* (Toyota)
 - Simplify, streamline, outsource
- No compromise on *quality* (ISO quality management)

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Airline Marketing Distribution Network

Your Gateway to Worldwide BSP Sales

- ✦ A network of IATA BSP memberships covering major markets on all continents (incl. whole Europe, Canada, SE Asia and ARC in USA).
- ✦ After signing a simple unilateral interline agreement, airlines can use Hahn Air as their **CLEARING CARRIER** (HR / 169) on desired markets.
- ✦ Why that? Although your flights are visible in GDSs and agents can book them, **sales have to be ticketed to become revenues.**
- ✦ Meeting IATA rules and standards.
- ✦ **No cannibal effect** on your existing sales:
 - ✦ HR ticket is a neutral ticketing platform.
 - ✦ HR is no GSA of any airline in the world.
- ✦ A proven (>120 airlines) and complete BPO distribution solution including detailed reporting and revenue accounting.
- ✦ ET interlining introduced shortly.

✦ Your Benefits

- ✦ Additional sales from more than 50,000 IATA agents in 46 countries.
- ✦ Total flexibility: choose desired markets and commissions country by country.
- ✦ Reputation: Worldwide sales, cooperation with HR
- ✦ HR provides marketing support and agent help desk for its AMDN.

✦ Lower Distribution Costs

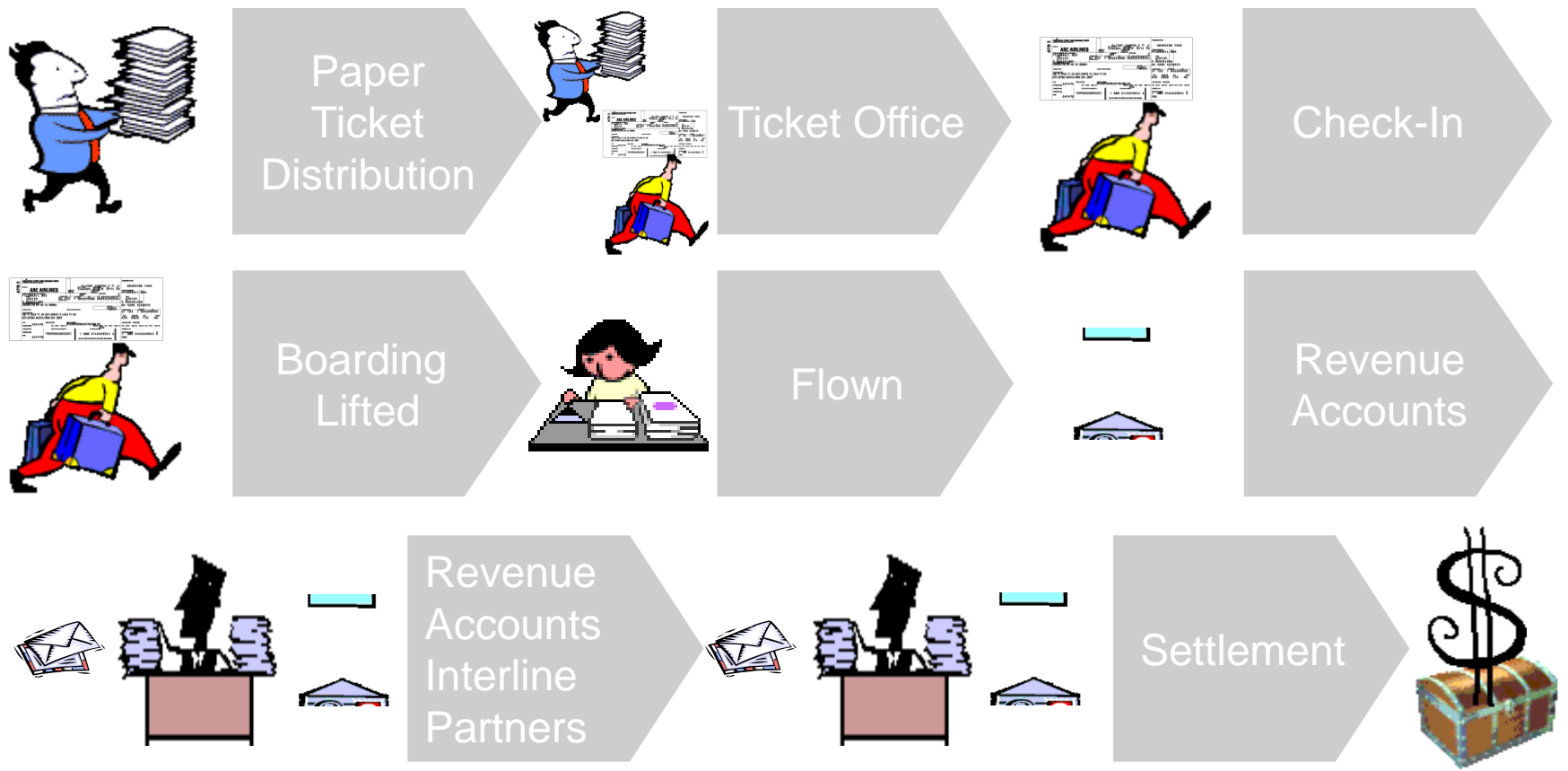
- NO** Joining / monthly fees
- NO** Up-front capital investment
- NO** Individual BSP expense
- NO** Management & unit costs (BSPs)
- NO** data processing & banking fees
- NO** CIP production & distribution expenses
- NO** GDS ticketing fees
- NO** ADM/ACM Production
- NO** Exchange rate risk

Outsourcing and Process Reengineering

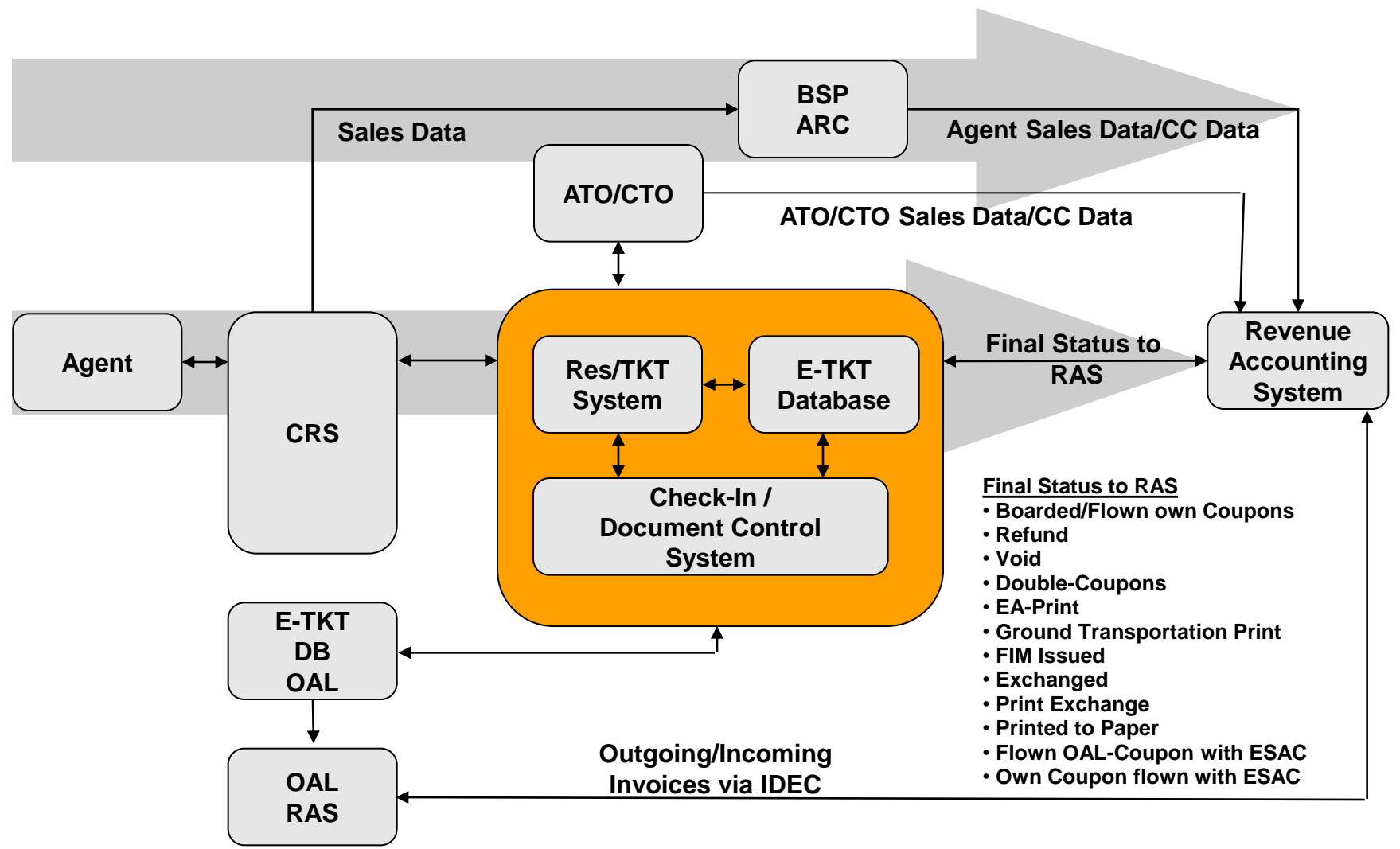
Airline Marketing Distribution Network

e-Ticketing and e-Interlining BPO

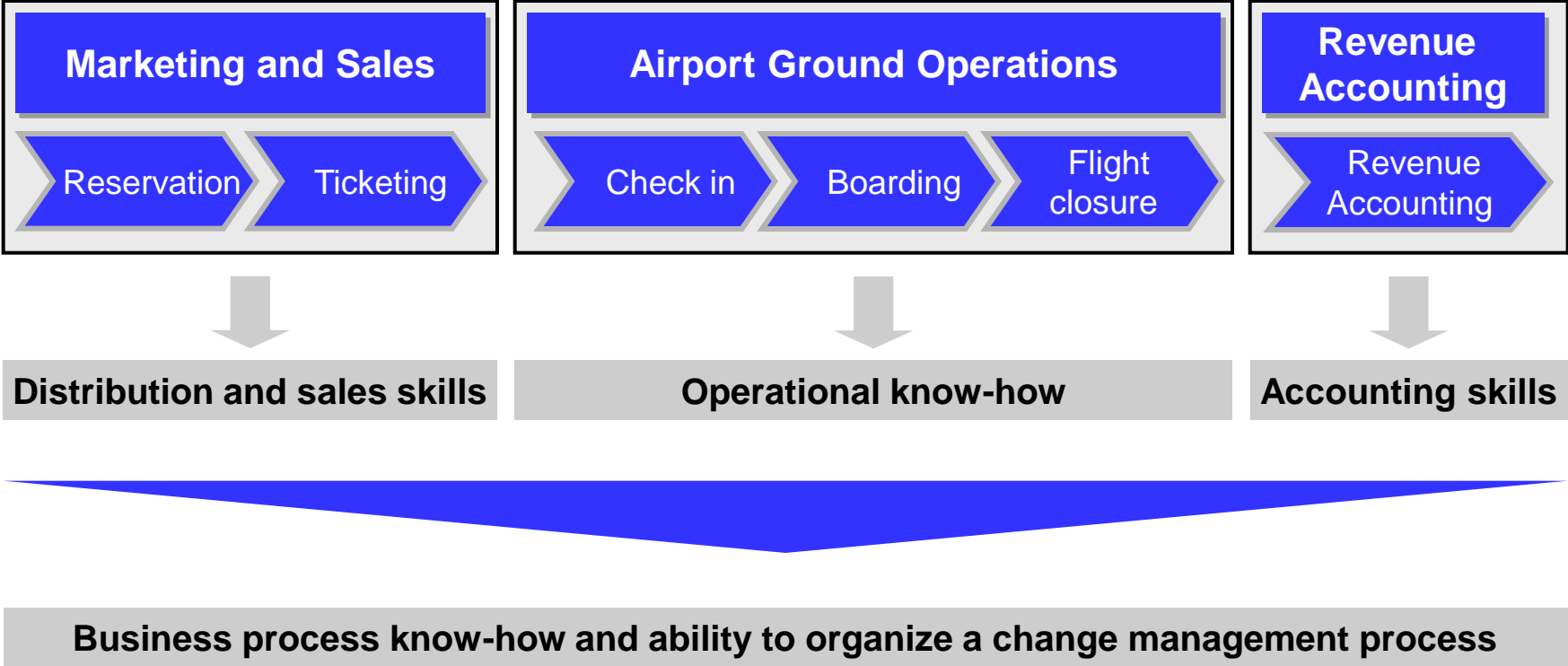
Traditional Paper Based Ticket Process



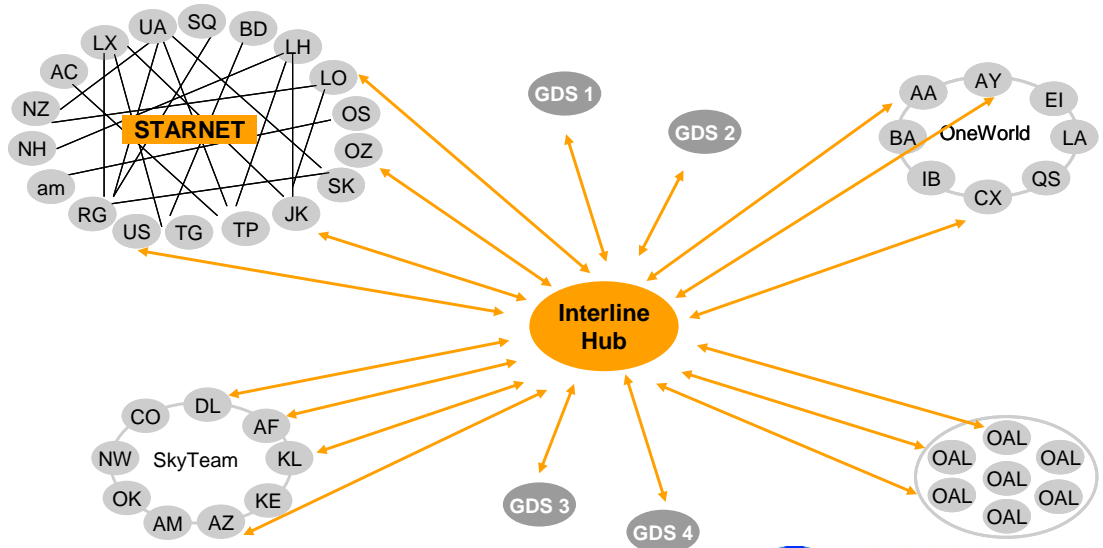
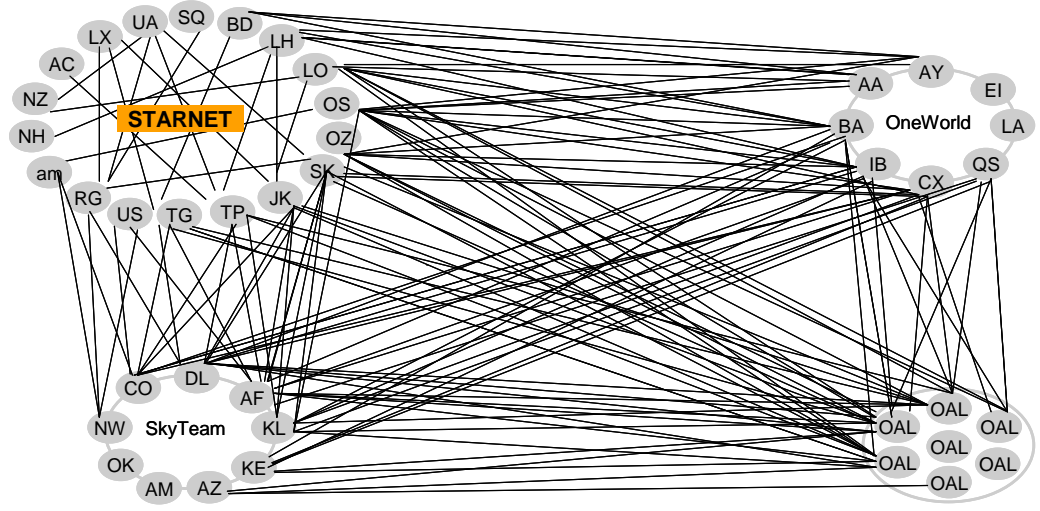
All paper based processes must be mirrored digitally and data channeled both through sales process and operational systems



e-Ticketing affects all areas within your company



Bilateral e-Interlining versus Hub based e-Interlining



Challenges & Concerns

- ⌂ Upgrade GDSs (slots...)
- ⌂ Inventory system provider
- ⌂ ET databank
- ⌂ BSP testing / implementing (per country per GDS...)
- ⌂ Code share issues / interlining (mutual priority)
- ⌂ EDIFACT links
- ⌂ DCS
- ⌂ Staff / training
- ⌂ Revenue accounting



- ✦ Affordable plug-in BPO solution available in 3 models depending on a desired scale of BPO:
 - ✦ e-go 169 ® exclusive
 - ✦ e-go 169 ® host
 - ✦ e-go 169 ® interline

Global Distribution & e-Ticketing

(Major GDS connectivity, global BSP presence, HR 169 ticketing)

Global Interlining

(Hahn Air neutral ET hub connected to external other hubs, e-interline agreements set-up support)

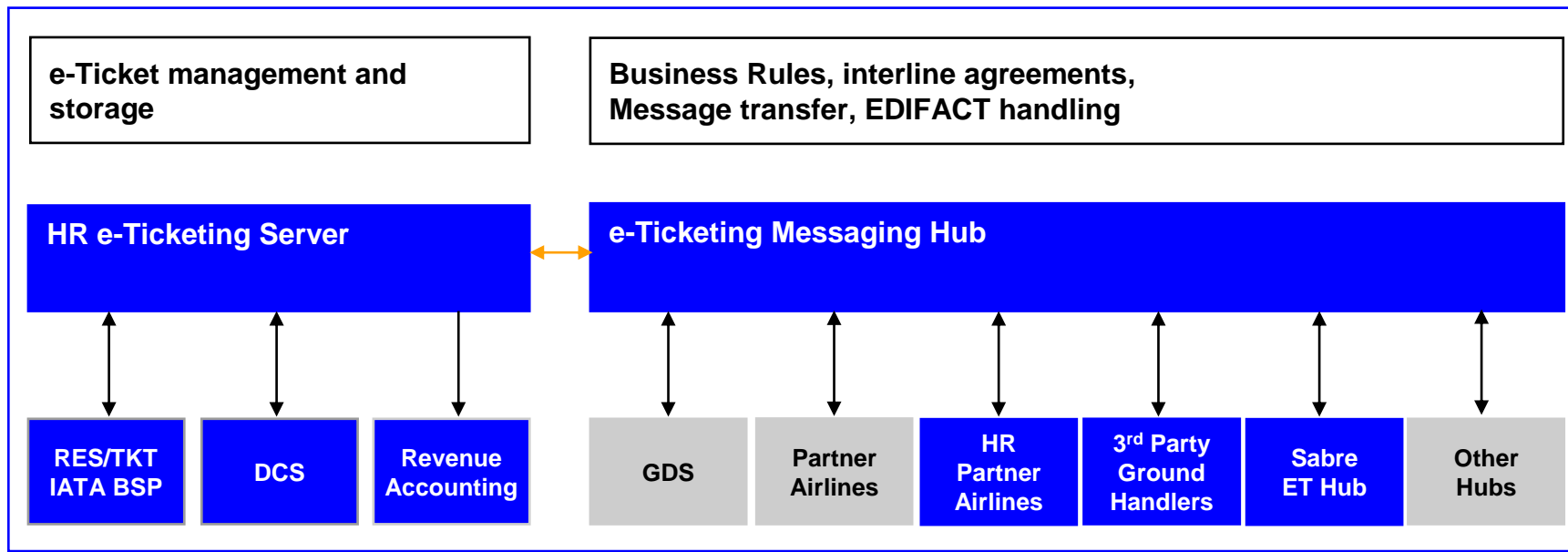
Passenger handling

(Third party DCS connectivity, e-go internet based DCS GUI, ETL support)

e-Revenue accounting

(Comprehensive reporting, on-line processing, prorating, BSP settlement)

Electronic ticketing process/data flow



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