



Simplifying the Business

AFRAA AGM

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Sun City, South Africa

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IATA | Simplifying the Business
Winner of the 2005
Airline Business
Strategy Award: Technology

An industry in crisis
One response:

keep it

simple

The benefits – \$6.5 billion a year!

- ET- electronic ticketing

Savings: 90% of ticketing costs = +/- \$3 billion

- CUSS - common use self service

Savings: industry average saving: \$2.5 per check-in
40% market penetration = \$1 billion

- RFID - radio frequency identification for baggage tags

Savings: with \$100 average cost for mishandled bag = \$0.8 billion

- Bar coded boarding passes

Savings: with 20% market penetration = \$0.5 billion

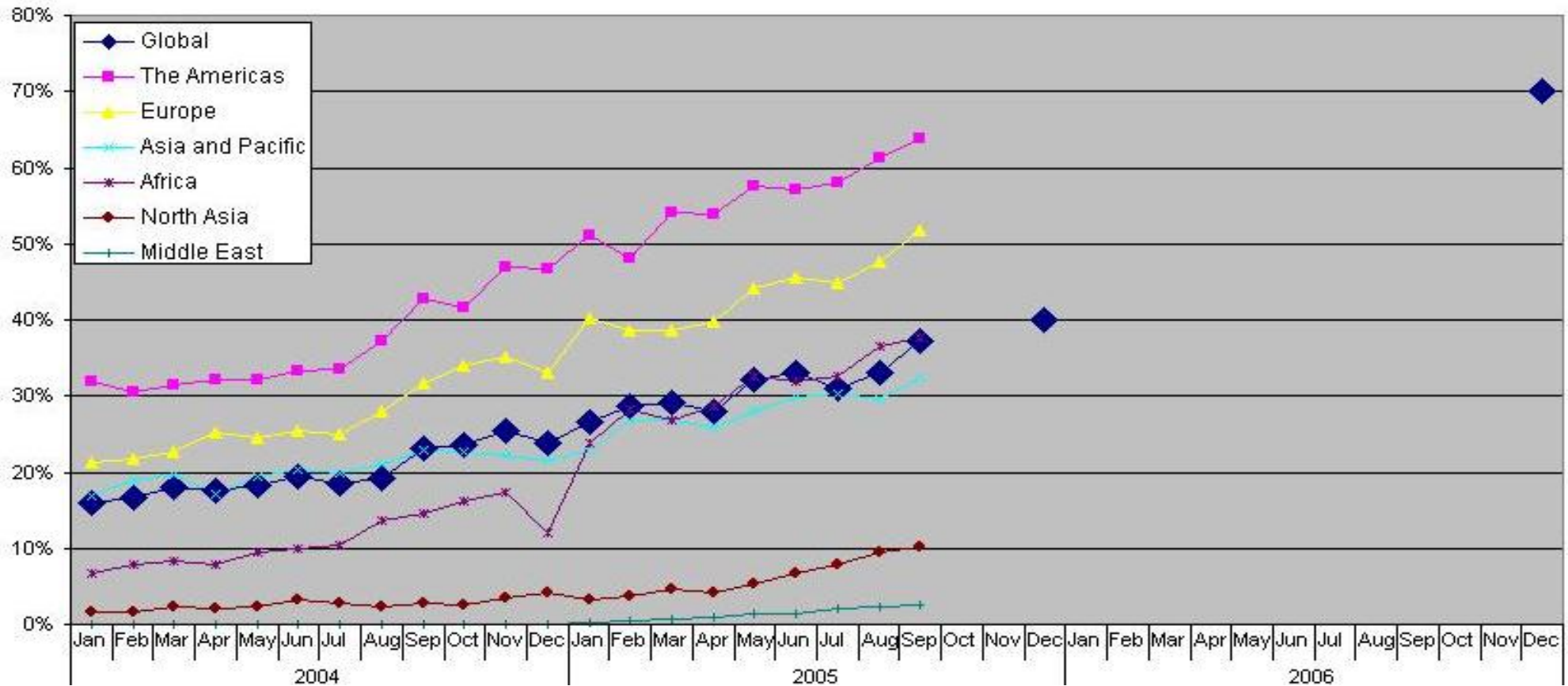
- IATA e-freight

Savings: \$1.2 billion

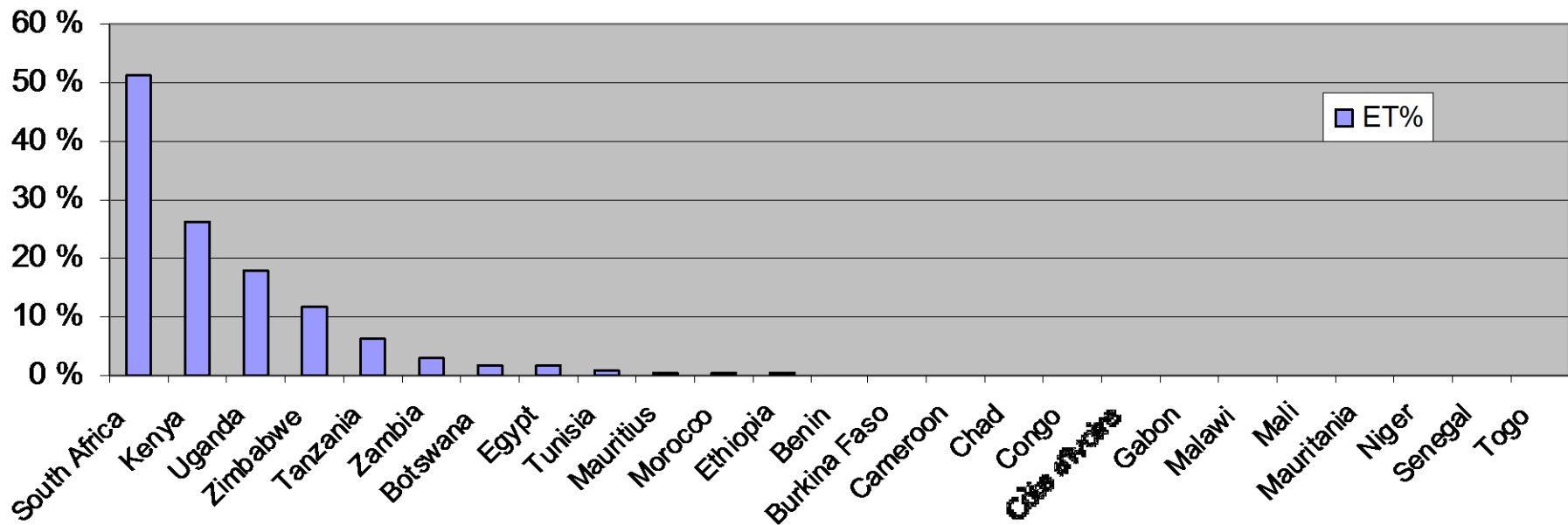
E-Ticketing: Why is it so important?

- The industry will save \$3 billion
- Airlines who are not ready by the end of 2007 will suffer higher costs and lower revenues.
- At the end of 2007, IATA will stop issuing paper tickets. We will not support MITA paper-based interlining standards neither paper ticket standards.
- Non ET compliant airlines will:
 - Lose the benefit of working with IATA's 60'000 accredited agents
 - Lose access to IATA's global distribution and billing mechanisms
 - Become responsible for printing their own tickets at an exorbitant cost
 - Lose their interline relationships
 - Be at risk of regionalization and marginalization

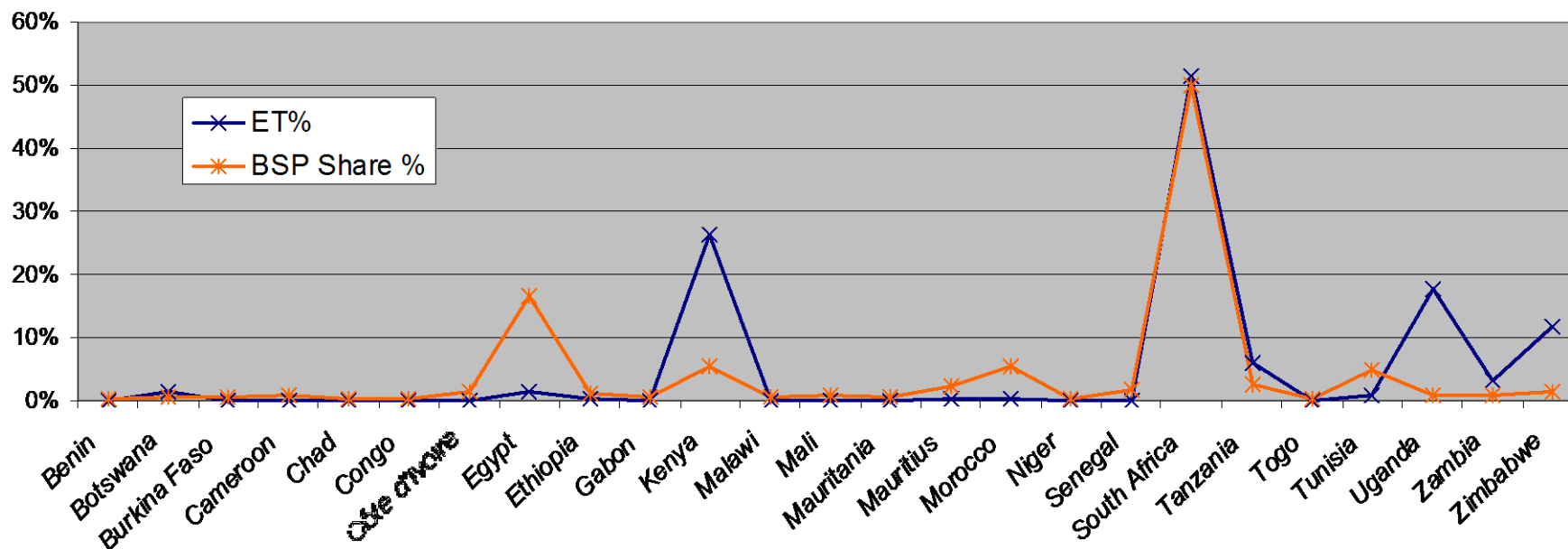
E-Ticketing: Penetration Sept. 05



E-Ticketing: Africa's status



E-Ticketing: Africa's status



Airlines ET capability

➤ Full ET Capability

including
1st interline

➤ First ET Issued

excluding
interline

➤ No ET capability

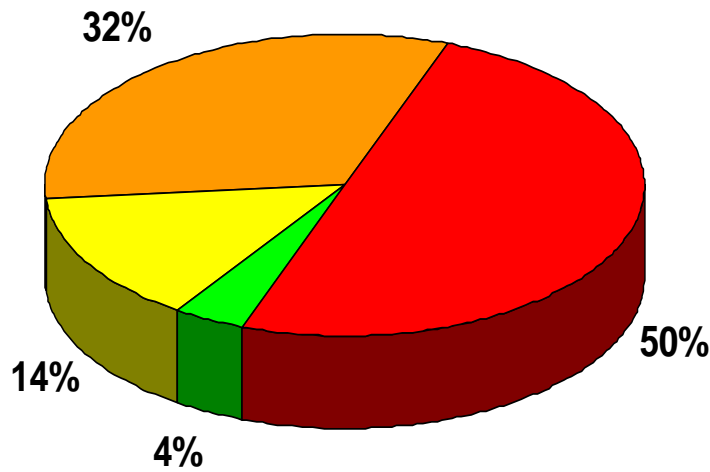
but plan to
implement

➤ No plans for ET

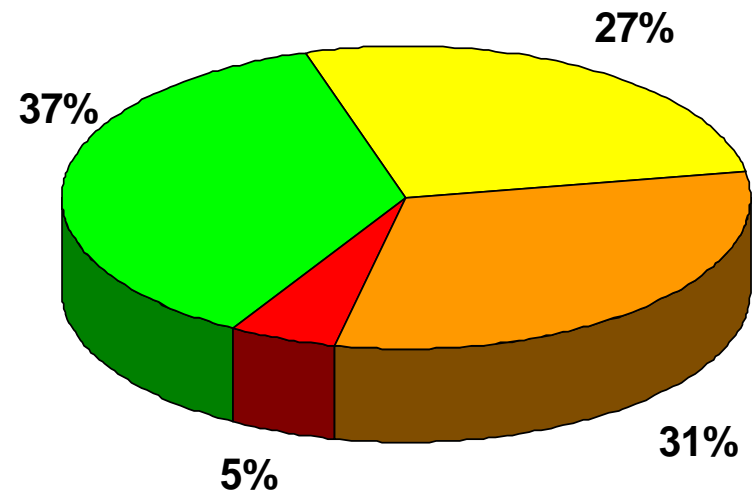
28% ET penetration in African BSPs

➤ As at October 2005, representing 50 Airlines in the Region (37 IATA members and 44 BSP participants)

➤ Airline ET Capability



➤ Volume represented by ET enabled airlines in the BSP



E-Ticketing: Is Africa different?

Areas more simple

- Few airlines have their own ticketing system
- African airlines are benefiting from lessons learnt and well established practices from more advanced carriers
- Fewer DCS systems to connect

Areas more complex

- Lack of available ET skills
- Less money for projects
- Infrastructure issues in some airports (electricity, telecom connections, manual check-in)

E-Ticketing: IATA here to support

- 7 MOUs signed with critical ET service providers
- Material supporting ET has been revised and is fully available
- 11 ET and 4 China airport StB workshops – 680 people trained!
 - 3 in Africa
 - 110 delegates from 44 airlines
 - 83% of the African airlines with no ET solution attended
- Launched the ET Buddy System with IATA acting as the sponsor and matchmaker between airlines with ET experts from red and orange airlines. To date, 16 airlines have expressed their willingness to provide resources

For more information, go to the StB Support Portal

➤ To launch the portal, go to:

<http://www.iata.org/whatwedo/simplibiz1>



Click on the StB Support Portal button



It is time for action

- All stakeholders have enough time to make it, if they act now
- Solutions exist and partners are lined-up
- It is now or never!
- Barriers to action have to be removed: Alignment to the vision, resources, right level of priority, process reengineering...

- Doubting the goal results in delay to implementation

- **“ET is not mandatory, it is vital”**
ET workshop participant from an African carrier

