



Federal Airports Authority of Nigeria (FAAN) achieves "incomparable" improvement with IATA APPS

FAAN needed an automated billing and payment solution that improved and stabilized cash flow. IATA's revenue collection managed services enabled them to drastically increase financial control.



My name is Yewande Sadipe and, as General Manager Credit Control, I am in charge of collecting the fees FAAN charges airlines for use of the facilities in our 20 airports, including 6 international airports. My department liaises with the commercial department, which is responsible for making sure the airlines are properly invoiced, and with the finance department to provide them with cash-flow projections.

The challenge: errors, disputes and delays

Before 2012, FAAN's process was mostly manual, and therefore cumbersome and error-prone. We had great difficulty preparing and delivering invoices to our customers, and in receiving on-time payment. Data regarding our customer airlines was not up-to-date, and invoice disputes and even complaints were frequent. Ensuring customers made their payments was really a challenge.

With international airlines, **we were collecting about 60% of the time.** We sent the invoices to the airline's station manager here at Murtala Muhammed airport, and they would send them to their home country. **But we needed better control of this process.**

With our domestic airlines, it was another story: collecting payment was extremely challenging, and we were only able to obtain settlement on 40% of invoices. The rate of disputes, and the varying time it took to resolve those we could, made it impossible to forecast our cash flow.

We wrote our customer airlines letters, followed them up with calls, reasoned with them to try to make them understand why they needed to pay. When that didn't work, **we threatened to suspend services to them**, which is really a last-resort tactic because it can impact services to passengers. It was such a lot of work; my department often had to do up to four hours' overtime a day to get through their tasks. We tried using a collection agent, but they couldn't improve our results either.



Yewande Sadipe

General Manager Credit Control

Federal Airport Authority of Nigeria (FAAN)



FAAN's Invoice Settlement

Before
APPS

40%

After
APPS

99%

FAAN's Disputed Invoices

Before
APPS

30%

After
APPS

4%

The introduction of the federal government-directed Aviation Revenue Automation Project (ARAP), part of the Transformation Agenda, made it urgent to find a solution. It was our Managing Director who first learned of IATA's Airline Partners Payment Solutions and who suggested we try it.

The solution: a controlled and streamlined process

IATA's services had many advantages for us. We knew that most of our airline customers were members of IATA, so we had confidence that they would be able to collect the monies due and, therefore, enable us to forecast our revenue. Their billing and settlement infrastructure also allowed us to uniformly prepare and deliver invoices to all airlines, across all our airports. And it complied with the seamless billing and payment requirements of ARAP.

With APPS, we regularly download billing reports from the customer portal which give us the data going right back to the beginning. We can use the data to find trends, carry out analyses and do projections. It's very useful for financial planning and forecasting and it helps us to provide our management with the information needed for their decision-making process.

"It's truly an incomparable situation to the one we had. Our people are much happier for it"

- Federal Airports Authority of Nigeria

The results: skyrocketing collection rates

Working with IATA APPS has drastically improved the billing process for everyone involved. We now have on-time collection for 98% of invoiced amounts. Disputes are much less frequent. This is because our invoice input data is now more accurate and reliable, plus the invoices themselves are now standardized, which simplifies quality control. We're proud to say that we've reduced errors to the barest minimum. And of the invoices that are disputed, we resolve over 99%.

Our people rarely have to work overtime and, of course, they're much happier for it. Their workload is easier because now **all they have to do is check, based on the data received, which is the same for everyone, instead of actually calculating it themselves.**

At a Glance

Challenges

- ◆ 40-60% invoice settlement rate
- ◆ 30% invoices disputed
- ◆ Cash-flow forecasts impossible

Benefits

- ◆ 98% on-time collection rate
- ◆ 99% total invoice settlement rate
- ◆ - 26% point reduction in invoice disputes
- ◆ In-depth financial planning