



SIMPLIFIED INTERLINE SETTLEMENT

While the airline industry is moving rapidly towards 100% E-Ticketing, driving E-Freight and the Clearing House has eliminated paper from the clearance process through use of the ICH Web – the interline billing and settlement process is based on legacy systems and procedures.

This means that over 200 tons of invoices and supporting documents are being shipped between airlines around the world each year to support the airlines' interline billing and settlement process; the process is loaded with duplicate and redundant activities. Even moving to 100% ET will not solve the problem as rejections still require paper supporting documents, and much that is not ticket-related is also processed, such as handling, catering and other expenses. The resulting costs and therefore the potential for savings – both, environmental as well as monetary – are huge.

As previously communicated at industry meetings, the Financial Committee has mandated IATA to develop a plan to simplify the interline settlement process, and to migrate the industry to electronic billing in line with the move to 100% electronic ticketing (ET). This initiative has been warmly endorsed by the Board of Governors at its December meeting.

The ***Simplified Interline Settlement (SIS)*** Project aims to simplify interline billing, and **remove paper from the entire interline billing and settlement process, delivering tangible financial benefits to the industry.**

The SIS solution will encompass Passenger, Cargo, and Miscellaneous interline billings and ICH settlements (the UATP category is already automated thanks to the ICH-ATCAN link). The SIS Project envisions:

1. a completely paperless invoicing environment for prime billings and rejects for all carriers
2. process enhancements for First & Final™ carriers to enable billing and settlement automatically from the time of ticket lift.
3. Integrate the IDEC passenger and cargo billing with ICH settlement on a weekly basis and expand the IDEC format with additional optional record types in order to support more billing items, such as rejects.

Between now and September 2008, the SIS Project will bring together experts from 25 airlines to work together with the IATA and flesh out the detailed vision, requirements and business case for the future of interline settlement. In September, the final plans will be presented to IATA's Financial Committee and to the IATA Board of Governors in December 2008. Start of the implementation phase is targeted for 2009.

AIRLINE EXPERT GROUPS FORMED

Working groups composed of airline experts will drive the detailed definition of business requirements of SIS.

The five (5) working groups that will concentrate on each of the discrete areas of interline settlement are:

- The **Passenger Billing WG** will remove the paper from all primary passenger billing processes, including *First & Final™* and Sampling.
- The **E-Cargo WG** will ensure that interline cargo can be processed completely electronically, including both primary and rejection billing. It will examine the use of IDEC and e-invoicing solutions, or any alternative processes which could be used for cargo billing.
- The **IDEC WG** will expand the IDEC data exchange standard with new record types in order to include additional transaction types and the ability to link to an image repository of supporting documents, while ensuring that the existing format standards continue to be supported.
- The **E-Invoicing WG** will set standards for paperless Miscellaneous invoices and supporting documents. The working group will liaise with IATA subject matter experts to ensure international

tax and legal compliance, and will monitor the financial control aspects.

- The **Paperless Support WG** will concentrate on standards for passenger rejects and alternative billing processes for any non-IDEC items, including any supporting documents for these processes.

Together, these five working groups will finalize their business requirements in June and ensure that the resulting Business Solutions Design is as agreed.

FURTHER INFORMATION ON SIS

Over the next eight months, progress on *Simplified Interline Settlement* will be actively communicated to the entire interline community. Look for future bulletins via email and a SIS presentation at key industry events. For further information on SIS, or to receive this bulletin directly in the future, please email sis@iata.org.



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