



**SIS – Simplified Interline Settlement
Phase 3**

**Basics for
Airline Internal Business Case**

April 2009



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1. How to use this Document

The goal of this document is to support carriers in calculating their internal SIS business case. Each carrier is different regarding processes, systems, and internal requirements.

Business Case templates vary from carrier to carrier – if they are available at all.

This document does **not** replace a carrier's internal business case template or supply a spreadsheet for automatic calculation.

This document contains important information regarding the SIS process which will help the carriers to identify internal benefits and cost reductions. It also contains assumed current and future processes which have cost reduction or benefit potential.

Additionally the currently **estimated** SIS and ICH costs will help carriers to finalize their internal calculations.

The extent of each carrier's unique cost reductions and benefits will vary, depending on:

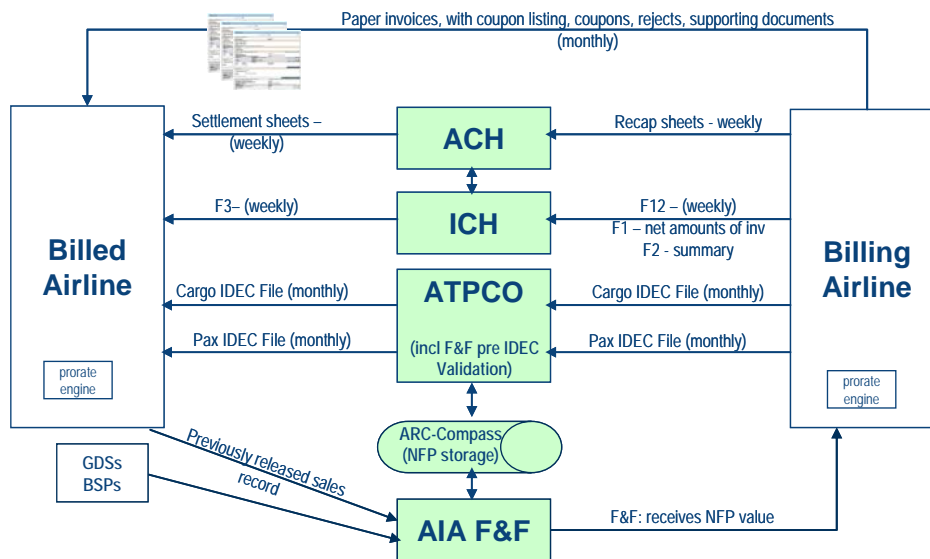
- Geographical location of today's process performance (labor or service costs)
- How centralized or decentralized the revenue accounting function is (e.g. some rejection stages are processed in a different location)
- RA system ownership
Carriers with in-house systems will have to invest in changes while carriers using a system of an external supplier most probably have the required system changes included in their maintenance cost
- Sophistication of RA system
The extent the additional data already available on the billing carriers side is manually data captured and/or can be used on the billed carriers side – but today these transactions are not interchanged electronically.
- and more...



2. SIS – General Overview

We recommend that you review the presentations from the IATA RAM September 2008, MIA or view the SIS webcasts (including narration), both available on the SIS website at <http://www.iata.org/sis>

2.1. Overview – Current Process:



- Paper-based and isolated processes lead to major reconciliation problems.
- Today there is often a discrepancy between the billing carrier's IDEC, the ICH submission, and information on the paper invoice. This leads to major manual reconciliation exercises by the billed carrier.
- The quality of the IDEC is often very low and leads to the billed carrier either investing in and maintaining correction programs or significant manual corrections.
- The current IDEC is monthly, while settlement is weekly.
- The channels are in PARALLEL – paper invoices, IDEC files and ICH claims must all be made individually



2.2. Overview – New Process

Integrated Settlement is a collection of tightly integrated processes.

The majority of the functionalities are optional and depend on the carrier's needs and/or transaction types. The channels are ALTERNATES – airlines choose which they will use for outgoing transmissions, and which for incoming transmissions. The outgoing transmission choice of the billing carrier (e.g. IDEC) does not affect the incoming transmission choice of the billed carrier (e.g. XML).

At Time of Sales

The process will essentially stay the same as today with some *optional* additions.

- The sales carrier will be able to, in the future, submit Excess Baggage sales for forwarding, proration, and storage.
- The sales carrier can choose to calculate its own prorates and submit that prorated coupon information to ATPCO for forwarding (to the uplifting carrier) and/or storage (within ARC Compass).
- It will be easier for all carriers to use the Neutral Fare Prorate (NFP) engine for neutral prorates on a non-final basis. Using the NFP engine will provide the same services as it does today to carriers billing FIRST & FINAL™ values with the difference being that the billed carrier will not be obligated to accept the value.
- Carriers will have more control, via their profile, over which sales/prorates are forwarded and which sales/prorates are stored.

At Time of Uplift

There are several modifications to existing processes.

- The billing carrier submits all billings (Passenger, Cargo, and Miscellaneous) via its choice of IS-IDEC, IS-XML, or IS-WEB. (IS-IDEC and IS-XML are both file formats; IS-WEB is a web interface which allows the online creation of invoices and submissions, access to which is controlled via the airline profile.) These submitted values may either include values from the billing carrier's prorate engine or values received at time of sales.
- Before a submission is accepted, a number of fields will be validated and the file or invoice will be rejected if validation is not passed. The billing carrier will be able to correct or delete and resubmit the invoice.
- The carrier will upload or attach all supporting documents, in electronic format, which will be stored in the central repository.
- Where a carrier has prorate values stored for it (see "Time of Sales", above), it can request those values from IS and add to a billing file as some carriers do today. (*This is called Value Request*)
Alternatively, the billing carrier can submit the same file and ask that, rather than receiving the values back, a billing file is created on its behalf. (*This is called Auto-billing*)
- For F&F carriers, as today, the billing file will be notated if the submitted value does or does not match the stored value.
- At the time of settlement, IS will create the settlement files on behalf of the billing airline. (*The billing airline will be unable to submit its own settlement file to the Clearing House.*) When required by a carrier, the invoice will be digitally signed and/or stored.

At Time of Settlement:

- The billed carrier will receive billings, settlement data, and invoices with supporting documents via its choice of IS-IDEC, IS-XML, or IS-WEB and can load the data directly into its Revenue Accounting and/or Financial Accounting system. Since the files will be driven from the same source, no reconciliation between electronic records and settlement will be required.



- Rejections will be created and submitted as part of the billing file. Audit trail functionality, offered via IS-WEB, will allow the carrier to see the entire sequence of Rejection Memos (and Correspondences), supporting documents, and the initial prime coupon billing. When attaching new supporting documents, only the new documents will have to be uploaded as previous documents will be stored.
- Similarly, correspondence will be submitted via IS-WEB and will take advantage of the audit trail and central repository.

Just as FIRST & FINAL™ will continue to be supported within the Integrated Settlement environment, so will Sampling. Airlines will be able to take advantage of the various IS file submission and e-invoicing processes in order to communicate Sampling data.

At Any Time (Unrelated to any specific billings)

In addition to the functionality described above, there are several new processes and dozens of new values that need to be recorded or updated per airline. In order to deal with the potential complexity of the IS solution, there will also be a centralized airline profile which will store all relevant data. The values can be updated via a website which will have fine-grained access control permissions for multiple users.

The desired outcome is that by the end of a defined migration period, all interline billings and their associated settlements will be electronic and paperless, and will be consistent throughout the process (no reconciliation efforts needed between electronic data and ICH settlement).¹

Miscellaneous Invoices

Miscellaneous “P” (Pax) items will be included in the Pax billing as Billing or Credit Memos and can be submitted together with the Pax Prime Billing.

Miscellaneous “C” (Cargo) items will be included in the Cargo billing as Billing or Credit Memos and can be submitted together with the Cargo Original Billing.

Miscellaneous “M” items will be the only Miscellaneous invoices in the future.

Today, Miscellaneous invoices are paper based – only total values are communicated through the clearing houses.

With SIS, Miscellaneous invoices, including supporting documents, must go through Integrated Settlement in order to be settled.

The most commonly used Miscellaneous Invoices (77 different types) have been analyzed and have received a unique key (Charge Category and Charge Code). This unique key allows for automated posting of almost all of the invoices plus automated reconciliation for some (depending on the billed carrier’s internal system capabilities). The data fields necessary for automated posting will be mandatory and validated.

The different Miscellaneous invoice types have been grouped into 3 different priorities:

Invoice Type Priority	Invoice	Supporting Documents	Automated Posting	Automated Reconciliation
1	e-Invoice	e-Electronic Document	Yes	Yes If possible within carrier
2	e-Invoice	Electronic presentation and/or cvs file	Yes	No

¹ ACH depending on ACH requirements



3	e-Invoice	Electronic Presentation	Yes Depending on airline	No
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For more details on the difference between “e-electronic documents” and “electronic presentation”, please see the [SIS Glossary](#).

The ultimate goal is to define the e-Invoicing and E-Electronic document structures for nearly all Miscellaneous invoices. However, this is sometimes not feasible. For attachments, it might make sense to have a combination of e-Electronic Documents with Electronic Presentation. This is the case where some attachments cannot be standardized and/or are needed only as a proof and do not need to be processed automatically by the billed carrier.



2.3. Potential SIS Timeline

Based on the current knowledge and discussion with the selected vendor we estimate the following SIS timeline.

Please use this ESTIMATED timeline for your business case:

Activity	Potential Date
Pilot run	3 rd quarter 2010
First Carriers to go live	with 1 st Period November 2010
Migrated carriers to receive validated transactions and desired format	with 1 st Period November 2010
Non migrated carriers: Current (old) IDEC into SIS instead of ATPCO	4 th Period November 2010
POTENTIAL mandate date for IS-IDEC for Pax Prime Billing (elimination of current IDEC)	1 st Period November 2011
POTENTIAL mandate date for SIS	September 2012



2.4. Available Formats

Transaction	Billing Carrier - Submission				Billed Carrier - Receipt			
	IS- IDEC	IS- XML	IS- WEB	Other	IS- IDEC	IS- XML	IS- WEB	Other
	Daily				Weekly			
Passenger								
Prime Billing	●	●			●	●	●	
Rejection Memo (incl. Sampling)	●	●	●		●	●	●	
Correspondence			●				●	
Billing and Credit Memo *2	●	●	●		●	●	●	
Auto-Billing				●*1				
Value Request at time of uplift				●*1				
Sampling – Provisional Invoice (Form A and B)	●	●			●	●	●	*3
Sampling – Universe Adjustment (Form C)	●	●			●	●	●	
Sampling - Digit Evaluation (Form D and E)	●	●			●	●	●	
Supporting Documents *4		●	●	●*5		●	●	●*5
Cargo								
Original Billing	●	●	●	●*6	●	●	●	
Rejection Memo	●	●	●		●	●	●	
Correspondence			●				●	
Billing and Credit Memo *2	●	●	●		●	●	●	
Supporting Documents *4		●	●	●*5		●	●	●*5
Miscellaneous Invoices								
Miscellaneous Invoices		●	●			●	●	
Supporting Documents *4		●	●	●*5		●	●	●*5
Special Processes								
Digital Signature *7			●	●			●	●
Legal Archive *8			●				●	
Audit Trail View *9			●				●	
Central Control *10			●					
Airline Profile *11			●				●	
View Invoices and download as PDF			●				●	
Reports and download as Excel (no statistics)			●				●	



- *1 e-Ticket Format (directly from DCS systems)
This input becomes a “normal” Prime Billing output format

The Billing Carrier using “Value Request” will receive a daily file (F6, 97, 98 and in case of error R99).

The Billing Carrier using Auto-Billing additionally receives
 - A weekly Revenue Recognition File (IS-IDEC like format)
 - A period Invoice posting File (F12-like format)
- *2 Billing and Credit Memo = today Miscellaneous Pax item, resp. Cargo item
- *3 Optional: additional monthly file
- *4 Supporting Documents to Rejection, Billing and Credit Memos, Correspondence and Miscellaneous Invoices
- *5 Batch File submitted including all scanned documents with e.g. a header information for correct allocation to billing record
- *6 Other submission formats requested by billing carrier (interface to be paid by requesting carrier)
- *7 Billing Carriers requiring “Digital Signature (DS)” can have IS create the DS or upload it from their system. Billed carriers can download or view the DS as required.
- *8 Carriers requiring a legal database and archive for e-invoices can either have this in-house or outsourced to IS
- *9 The “Audit Trail View” allows billing and billed carriers to have a complete and chronological view of original billing, Rejection Memo of all stages and Correspondence (incl. Billing Memos based on “authorization to bill”)
- *10 Central Control allows a complete real-time overview of all submissions Pax, Cargo and Miscellaneous including the “processing state”. It is a very comprehensive and flexible functionality, for example showing.
 - Files / Invoices submitted
 - In validation
 - Passed validation successfully
 - Error in validation
 - In Digital Signature process
 - Submitted to ICH
 - Submitted to ACH
 - Submitted to Billed Carrier
 - And a lot more...
- *11 The Airline Profile defines all relevant process parameters with sophisticated copy functionality. It will also include the access control by carrier.



2.5. Format Conversion

One of the major benefits for the billed carrier is the different formats available and the ability for IS to convert between them.

→ the billed carrier is no longer dependent on the technical capabilities of the billing carrier !

Today the billed carrier depends from the billing carrier on

- Receipt of electronic data
- Format of this data (IS-IDEDEC, Excel, CD, etc)
- Quality

Through the “Airline Profile” in IS (Integrated Settlement) the billed carrier defines which transaction should be delivered in which format.

See [chapter 2.4](#) regarding the format possibilities.

All submissions go through format conversion and then through validation upon receipt by IS.



2.6. Validation

Integrated Settlement will be responsible for validation of incoming data in all formats.

All submissions go through format conversion and then through validation upon receipt by IS.

Late File Acceptance by ICH operations, as it exists today, is still possible.

The following types of validation provide a high-level overview so that IS participants may better understand the thoroughness of the checks on submitted data and the quality of data that will be received in the future:

- Mandatory Fields or Records or Sequence (e.g. Source code, etc)
- Formats of Fields (e.g. value must be a number, or value is a number greater than 0) (incl. RAM IDEC description)
- Conditional Fields or records – Mandatory if certain conditions are met (within single record, invoice or across all records in IS)
- Fields Containing Specific Values (e.g. value must be one of a list of pre-defined codes, or value is the sum of other fields) (incl. RAM IDEC description)
- Fields Containing Specific Values based on Airline Profile
- Fields which must contain a unique number within a certain time period (e.g. Invoice Number)
- Data in fields must be valid according to Master Tables of IS and ICH (e.g. Currency, Airline Code, Period Number etc)
- Total Checks (of all value fields) within
 - A billing record and its breakdown records
 - An invoice total and its billing records
 - A file and its invoices
 - Etc
- Relationship between records
- Relationship between data on same Record
- Time limits according to RAM (with the possibility to override based on bilateral agreement)
- Correct sequence of Rejection Memos and Correspondence
- References (e.g. reference to original billing on RM must be valid)

Validation can occur across a record's "parent-child" relationship. For example, a child record (breakdown record) can be mandatory based on a value in a field in the parent record.

Additionally, validation can occur across multiple invoices from two different airlines. For example, references to a previous invoice located on a rejection memo may be checked to make sure that the previous invoice exists and was billed against the rejecting airline.

Data Not validated:

- Billing carrier entitled to do billing
- Correct Prorate and/or application of SPAs
- Everything related to the WHAT is billed and HOW the value is calculated



2.7. Migration

At time of implementation, all carriers will move the submission of their

- Current (old) IDEC
and

- ICH Form 1 and 2

to IS. The files will be submitted in their existing formats but submitted to a new internet address associated with Integrated Settlement.

IS will have the information which carriers have migrated which transaction types (Airline Profile) and based on this information create either an old IDEC or the requested IS-format.

The system will also validate that invoices submitted via ICH F12 are not included in new IS submission (avoids double billing during migration).



3. Cost Reduction and Benefits – Overview

The cost reductions and benefits listed in this overview are explained more in detail in the following chapters (chapter 4 to chapter 7).

3.1. Billing Carrier

Passenger:

Benefit Area	Type of Cost reduction or Benefit
Manual effort (manpower) reduction / elimination	<ul style="list-style-type: none"> • OAL uplifted Coupons sorting and counting of flight coupon not needed anymore • Prepare paper invoice and attachments no sorting (matching invoice with attachments), no printing (manpower) • Creation of Rejection Memos no sorting and reconciling paper documents; reduction of RM due to increased use of NFP non final • If using stored prorate value on ARC Compass (getting stored value and Auto-Billing) easier implementation of new alliance carriers, less creation of RMs Simplification of interline billing, as process can be entirely automated • Non IDEC carriers interlining with ICH/IDEC carriers: current non IDEC carriers can enter transactions on IS-WEB and IDEC carriers can receive data electronically • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery
Paper Invoice elimination	<ul style="list-style-type: none"> • Prepare paper invoice and attachments no printing (printer and paper) • Creation of Rejection Memos no printing / copying of supporting documents
Internal Process and Systems Costs reduction	<ul style="list-style-type: none"> • If using stored prorate value on ARC Compass SIS Auto-Billing performing the billing process • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery • Reduction in internal paper handling and supply chain efforts • Process flexibility flexibility to perform different stages of the process at different geographical locations (no more restriction by paper handling, mailing in between different airline offices, or between airline and service provider)
Cash Flow Increase	<ul style="list-style-type: none"> • If using stored prorate value on ARC Compass SIS Auto-Billing performing the billing process based on “e-ticket usage file” and billing / clearing in same period • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery • Staff reallocation to e.g. Fraud Re-allocation of staff to Fraud will increase revenues and improve cash flow • Faster Revenue Recognition faster revenue recognition and better commercial/financial information
Shipping Costs Elimination	<ul style="list-style-type: none"> • All invoices with Supporting Documents no shipping needed anymore



Cargo:

Benefit Area	Type of Cost reduction or Benefit
Manual effort (manpower) reduction / elimination	<ul style="list-style-type: none"> • Prepare paper invoice and attachments no sorting (matching invoice with attachments), no printing (manpower) • Creation of Rejection Memos no sorting and reconciling paper documents; reduction of RM due to increased use of NFP non final • Non IDEC carriers interlining with ICH/IDEC carriers: current non IDEC carriers can enter transactions on IS-WEB and IDEC carriers can receive data electronically • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery
Paper Invoice elimination	<ul style="list-style-type: none"> • Prepare paper invoice and attachments no printing (printer and paper) • Creation of Rejection Memos no printing / copying of supporting documents
Internal Process and Systems Costs reduction	<ul style="list-style-type: none"> • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery • Reduction in internal paper handling and supply chain efforts • Process flexibility flexibility to perform different stages of the process at different geographical locations (no more restriction by paper handling, mailing in between different airline offices, or between airline and service provider)
Cash Flow Increase	<ul style="list-style-type: none"> • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery
Shipping Costs Elimination	<ul style="list-style-type: none"> • All invoices with Supporting Documents no shipping needed anymore

Miscellaneous:

Benefit Area	Type of Cost reduction or Benefit
Manual effort (manpower) reduction / elimination	<ul style="list-style-type: none"> • Prepare paper invoice and attachments no sorting (matching invoice with attachments), no printing (manpower)
Paper Invoice elimination	<ul style="list-style-type: none"> • Prepare paper invoice and attachments no printing (printer and paper)
Internal Process and Systems Costs reduction	<ul style="list-style-type: none"> • E-Invoicing legal aspects SIS takes care of e.g. Digital Signature • Reduction in internal paper handling and supply chain efforts • No chasing of incoming documents not received or lost • No rebuilding/retransmission of previously shipped documents reported as not received by billed airline • Process flexibility flexibility to perform different stages of the process at different geographical locations (no more restriction by paper handling, mailing in between different airline offices, or between airline and service provider)
Shipping Costs Elimination	<ul style="list-style-type: none"> • All invoices with Supporting Documents no shipping needed anymore



3.2. Billed Carrier

Passenger:

Benefit Area	Type of Cost reduction or Benefit
Manual effort (manpower) reduction / elimination	<ul style="list-style-type: none"> • Posting Incoming Invoice no posting slip, no manual posting needed • Loading Transactions into correct System all billings (not only prime coupon) are received electronically and can be loaded automatically into system(s) • Data Quality all transaction passed validation and are correct • Completeness of electronic data all billings electronically, no data capture needed • Extended multilateral or bilateral billings (e.g. within alliance) “airline specific field” allows flexible electronic information exchange • Check Incoming Invoices no missing invoices, no manual error detection, all billings validated, correct RM stages and time limits • Correspondence no letters get lost, no RM due to non receipt of reply sent • Sampling UAF and Digit Evaluation also electronic, complete and validated • Format Flexibility independency from billing carriers capabilities • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery
Internal Process and Systems Costs reduction	<ul style="list-style-type: none"> • Data Quality all transaction passed validation; special programs to read and/or process data not needed anymore • Completeness of electronic data no special programs to recognize incomplete data needed anymore • Extended multilateral or bilateral billings (e.g. within alliance) “airline specific field” allows flexible electronic information exchange • Check Incoming Invoices less posting into GL, less RM creation • Sampling UAF and Digit Evaluation also electronic, complete and validated • Format Flexibility independency from billing carriers capabilities • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery • Reduction in internal paper handling and supply chain efforts • Process flexibility flexibility to perform different stages of the process at different geographical locations (no more restriction by paper handling, mailing in between different airline offices, or between airline and service provider)
Shipping Costs Elimination	<ul style="list-style-type: none"> • Correspondence no letters get lost, no RM due to non receipt of reply sent – for both elimination shipping costs
Cash Flow Increase	<ul style="list-style-type: none"> • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery • Staff reallocation to e.g. Fraud Re-allocation of staff to Fraud will increase revenues and improve cash flow • Faster Revenue Recognition faster revenue recognition and better commercial/financial information



Cargo:

Benefit Area	Type of Cost reduction or Benefit
<p>Manual effort (manpower) reduction / elimination</p>	<ul style="list-style-type: none"> • Posting Incoming Invoice no posting slip, no manual posting needed • Loading Transactions into correct System all billings are received electronically and can be loaded automatically into system(s) • Data Quality all transaction passed validation and are correct • Completeness of electronic data all billings electronically, no data capture needed • Extended multilateral or bilateral billings (e.g. within alliance) “airline specific field” allows flexible electronic information exchange • Check Incoming Invoices no missing invoices, no manual error detection, all billings validated, correct RM stages and time limits • Correspondence no letters get lost, no RM due to non receipt of reply sent • Sampling UAF and Digit Evaluation also electronic, complete and validated • Format Flexibility independency from billing carriers capabilities • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery
<p>Internal Process and Systems Costs reduction</p>	<ul style="list-style-type: none"> • Data Quality all transaction passed validation; special programs to read and/or process data not needed anymore • Completeness of electronic data no special programs to recognize incomplete data needed anymore • Extended multilateral or bilateral billings (e.g. within alliance) “airline specific field” allows flexible electronic information exchange • Check Incoming Invoices less posting into GL, less RM creation • Sampling UAF and Digit Evaluation also electronic, complete and validated • Format Flexibility independency from billing carriers capabilities • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery • Reduction in internal paper handling and supply chain efforts • Process flexibility flexibility to perform different stages of the process at different geographical locations (no more restriction by paper handling, mailing in between different airline offices, or between airline and service provider)
<p>Shipping Costs Elimination</p>	<ul style="list-style-type: none"> • Correspondence no letters get lost, no RM due to non receipt of reply sent – for both elimination shipping costs
<p>Cash Flow Increase</p>	<ul style="list-style-type: none"> • Rejection Memo, Correspondence and Billing Memo Audit Trail detection of duplicate rejections, increase revenue recovery



Miscellaneous:

Benefit Area	Type of Cost reduction or Benefit
<p>Manual effort (manpower) reduction / elimination</p>	<ul style="list-style-type: none"> • Posting Incoming Invoice no posting slip, no manual posting needed • Data Quality all transaction passed validation and are correct • Completeness of electronic data all billings electronically, data capture reduced substantially • Extended multilateral or bilateral billings (e.g. within alliance) “airline specific field” allows flexible electronic information exchange • Check Incoming Invoices no missing invoices, no manual error detection, all billings validated • Format Flexibility independency from billing carriers capabilities
<p>Internal Process and Systems Costs reduction</p>	<ul style="list-style-type: none"> • Extended multilateral or bilateral billings (e.g. within alliance) “airline specific field” allows flexible electronic information exchange • Check Incoming Invoices automated reconciliation possible for a lot of invoices • Format Flexibility independency from billing carriers capabilities • Reduction in internal paper handling and supply chain efforts • Process flexibility flexibility to perform different stages of the process at different geographical locations (no more restriction by paper handling, mailing in between different airline offices, or between airline and service provider)



4. Cost Reduction and Benefits – Passenger

4.1. Billing Carrier

OAL uplifted coupons:

- Today the billing carrier
 - needs to sort the paper coupons to have them in the same order as the coupon listing
 - With SIS
 - no supporting document is needed for prime coupon billing
 - paper uplifted coupons should be sorted/stored in a way to be found in case of rejection of the prime billing
 - paper uplifted coupons may be scanned and stored for future use (supporting document in case of rejection)
- the sorting and counting of flight coupons is either easier or eliminated
→ reduction/elimination of manual effort

Prepare paper invoice and attachments:

- Today
 - The uplifted coupons,
 - The exchange coupons, and
 - The rejections from the incoming invoice process
 - have to be sorted according to the coupon listing print out attached to the paper invoice.
 - Certain activities are done daily, others weekly or monthly. All these activities have to be coordinated and physical paper has to be stored between the different timely processes
 - Invoices have to be printed (paper and printers)
 - Coupon listings have to be printed
 - Invoices, rejection memos and attachments have to be sorted and “attached to each other”
 - With SIS
 - Such a sort is not needed anymore.
 - There is no need for a coupon listing to be produced by the RA system.
 - No paper invoice has to be created and sent
 - As soon as the billing is submitted to IS (daily, various days, weekly, monthly – at the billing carriers discretion), nothing has to be physically stored for a following manual process
 - Invoice / billing and attachments are “matched” by IS and linked together
 - If a billed carrier needs a paper invoice it has to be printed via IS-WEB on his printers and paper
- reduction/elimination of manual effort (sorting)
→ reduction/elimination of printing

Creation of Rejection Memo (incl. Correspondence):

- Today
 - Either an RM is created within the RA system which then prints it out
or
 - RM is created manually
 - For RM stages 2 and 3 all previous attachments have to be re-copied and re-attached
- With SIS



- Either an RM is created within the RA system which then submits it electronically to IS
 - or
 - RM is created on IS-WEB
 - Previous RM attachments are available in IS (central repository) and are linked to the new RM automatically
- reduction/elimination of manual effort in sorting and reconciling paper documents (attachments to RM or Correspondence)
- reduction/elimination of printing/copying

Carriers using a stored prorate value on ARC Compass:

Value can be NFP final, NFP non-final, or an airline stored coupon value (see [SIS Features](#) for more information).

- Today
 - The billing carrier calculates the coupon values on other carrier coupons for billing purposes either automatically (based on TCN or interline ET records) or manually, and bills via IDEC
 - The billing carrier either gets the prorated value from the ticketing carrier or ATPCO (F&F) at time of sales or requests the value at time of uplift and then bills it via IDEC.
 - NFP (outside F&F) is not widely used
 - Exchange of tickets prorated by the ticketing carrier via ATPCO and storage on ARC compass is not possible
- With SIS
 - A carrier can send the “e-ticket usage file” to IS and IS will get the value from ARC Compass and create the billing and settlement files. The billing carrier receives a daily revenue recognition and a weekly invoice file for internal posting actions.
 - The billing will be in the IS process around 24 hours after the “e-ticket usage file” is sent to IS and be settled in the settlement period open at that time. Depending on the RA system and the current “billing backlog” a carrier can
 - Reduce internal process and system costs and improve the cash flow by up to 4 weeks
 - Using NFP outside F&F will increase process flexibility
 - Own prorate exchange will allow prorate value exchange at time of sales in an easier way than direct exchange
 - This can shorten implementation of new alliance carriers as an interim solution or can replace the direct exchange for smaller alliance carriers

- reduction/elimination of manual effort
- reduction of Rejection Memos

Non IDEC carriers interlining with current ICH/IDEC carriers:

- Today
 - such carriers cannot/do not interline bill via IDEC with their partners, as IDEC is too costly to implement
 - With SIS
 - such carriers can either choose another format (IS-XML) or enter the billings manually to IS-WEB. At the same time such carriers can receive billings via the preferred format.
 - AND their partner which are on IS-IDEC already can receive their billings in their preferred format as the receiving carrier’s format is independent from the format of the billing carrier’s submission
- reduction/elimination of manual data capture and data correction effort



Invoice and attachment shipping:

- Today
 - Paper invoices with attachments have to be put into envelopes
 - The envelopes have to be shipped to the billed carrier – either by normal mail or courier
- With SIS
 - No paper invoices need to be shipped
 - If a billed carrier needs a paper invoice it has to be printed via IS-WEB on its own printers and paper
 - reduction/elimination of manual effort (packaging and posting)
 - reduction/elimination of printing
 - elimination of shipping costs
 - reduction of time from sending invoice to receipt of invoice
 - no risk/dispute associated with lost or delayed documents



4.2. Billed Carrier

Posting Incoming Invoice:

- Today the billed carrier might attach a posting slip to the incoming paper invoice and assign the accounts manually
 - With SIS
 - All invoices are electronic.
 - The Transactions can be identified by Source Code (mandatory)
 - Therefore the posting for Passenger Billings can be automated
 - The posting for Rejection Memos, Billing and Credit Memos can be automated through the Source Code and the mandatory and pre-defined Reason Codes for such billings
- reduction of manual effort

Loading into correct system:

- Today only prime billings are submitted via IDEC
While some carriers have bilaterally agreed to submit Rejection Memos via IDEC as well, not all relevant fields can be sent and IDEC is just used to reduce the manual capture on the billed carrier's side
 - With SIS
 - IS-IDEC contains all fields that are needed from a rejection memo to automatically upload the information into a carrier's revenue accounting system
 - All transaction types can be uniquely identified by Source Code (mandatory) and Standard Field Identifier (SFI) on IS-IDEC
- A pre-loading program on the billed carrier's side (created by the carrier) could use the above information to identify how different transactions should be loaded into the revenue accounting or other system (e.g. differentiate between prime billings and RMs, BMs and CMs etc)

→ reduction of manual effort

Data Quality:

- Today
 - Only 3 fields on the header record are validated on IDEC
- With SIS
 - A complete validation according to chapter 2.6 will be done. Invoices with billing records not passing the validation will not be billed and settled
 - No data correction programs by receiving carriers are needed anymore (including the frequent updates and maintenance of those programs)
 - No manual changes needed in order to process the electronic data

→ reduction of manual effort

→ Reduce internal process and system costs

Completeness of electronic data:

- Today
 - Only Pax Prime Billings are on IDEC
 - While some carriers have bilaterally agreed to submit Rejection Memos via IDEC as well, not all relevant fields can be sent and IDEC is just used to reduce the manual capture on the billed carrier's side



- Rejection Memos and other information has to be captured manually based on paper invoice and attachments
 - Miscellaneous Pax items have to be captured manually based on paper invoice and attachments
 - With SIS
 - A complete validation according to chapter 2.6 will be done.
 - Invoices and billing records not passing validation (wrong or incomplete data) will not be billed or settled
 - No additional manual capture of data
 - Rejection Memos with rejection reason codes (RAWG defined codes) will be delivered electronically
 - Billing and Credit Memos with reason codes (RAWG defined codes) will be delivered electronically (instead of paper Miscellaneous Pax items)
- reduction of manual effort
→ Reduce internal process and system costs

Extended multilateral or bilateral billings:

- Today
 - IDEC is only defined for prime coupon billings
 - While some carriers have agreed to submit Rejection Memos via IDEC using filler fields, not all relevant fields can be sent and IDEC is just used to reduce the manual capture on the billed carrier's side
 - Other billings are not possible
 - Alliance specific billings are limited
 - Some such billings have to be done via multiple billings per coupon to accommodate all information or manual capture
 - With SIS
 - Pax Prime Billing, RM, BM, and CM are predefined records and identified as such
 - The record structure allows for bilateral- or multilateral- (alliance) specific agreements with data submitted in an "airline specific field"
 - The RM, BM and CM reason codes (defined by RAWG) allow airline or alliance specific code ranges for additional / extended billing records all electronic and validated !
- reduction of manual effort
→ Reduce internal process and system costs

Check Incoming Invoice:

- Today
 - Paper invoice, ICH submission and IDEC files are sent at different times and receiving carrier needs to separately monitor receipt for all
 - Data on the paper invoice, ICH submission and IDEC can be different, requiring reconciliation and frequent adjustments
 - Manual check to find differences and correct electronic data received from IDEC
- With SIS
 - No logging of the physical receipt of incoming invoices is required
 - No chasing other airlines for missing invoices
 - Electronic billing records, invoices and settlement based on same record within IS, no timing or data difference between the three
 - No manual check, manual error detection, or manual error correction needed
 - No incoming invoice check on totals etc needed, as all records validated and correct



- less rejection, manual effort, less posting
- In case of RM the correct RM stages, Correspondence begin and time limits are checked by IS
- less rejection, manual effort, less posting

Correspondence

- Today
 - Letters may get lost in the post or sent via courier
 - Rejections due to non-reply and rejection of rejections arguing a reply was sent

With SIS

- No letters to get lost
- No courier cost
- No rejections due to non receipt of reply sent

- reduction of manual effort
- elimination of shipment costs

Sampling:

- Today
 - Only provisional invoices are sent via IDEC
 - Universe Adjustment and Digit Selection are on paper
 - Some carrier exchange Universe Adjustment and Digit Selection as Excel files
- With SIS
 - Provisional Invoice, Universe Adjustment, and Digit Evaluation are electronic
 - Additional Sampling validation performed by IS (e.g. a coupon on Universe Adjustment has had previously to be billed in the provisional invoice, etc)

- reduction of manual effort
- Reduce internal process and system costs

Format Flexibility:

- Today
 - Records can only be received in the format the billing carrier is capable to supply
- With SIS
 - Regardless of the possibilities of the billing carrier the billed carrier receives all billings electronically and in the format per transaction required

- reduction of manual effort
- Reduce internal process and system costs
- increase system flexibility



4.3. Billed and Billing Carrier

Rejection Memo, Correspondence and Billing Memo Audit Trail:

- Today, carriers do not have a full overview of:
 - How many or what kind of rejections they have received for specific documents
 - If they have been rejected more than once for the same reason and coupon
 - If the same transaction was included on different billing types (e.g. rejection memo and billing memo)
 - Any other erroneous rejections
- With SIS, carriers have the possibility of an **Audit Trail View** via IS-WEB, which shows
 - How many and what kind of rejections they have received for specific documents
 - If they have been rejected more than once for the same reason and coupon
 - The complete audit trail of original billing, all RM stages, all Correspondence and the billing memo with the authority to bill
 - in the correct chronological order
 - with all supporting documents
 - with drill down possibility in more details and billing details
 - and a lot more
 - Detection of duplicate rejections for the same original billing
 - improves the controls and allows a revenue recovery which today is not possible
 - reduction of manual effort
 - Reduce internal process and system costs



5. Cost Reduction and Benefits – Cargo

5.1. Billing Carrier

Prepare paper invoice and attachments:

- Today
 - Invoices have to be printed (paper and printers)
 - Invoices and attachments have to be “attached to each other”
- With SIS
 - No paper invoice has to be created and sent
 - As soon as the billing is submitted to IS (daily, various days, weekly, monthly – at the billing carriers discretion), nothing has to be physically stored for a following manual process
 - Invoice / billing and attachments are “matched” by IS and linked together
 - If a billed carrier needs a paper invoice it has to be printed via IS-WEB on his printers and paper

→ reduction/elimination of manual effort

→ reduction/elimination of printing

Creation of Rejection Memo (incl. Correspondence):

- Today
 - Either Cargo RA system creates an RM and then prints it out, or
 - RM is be created manually
 - For RM stages 2 and 3 all previous attachments have be re-copied and re-attached
- With SIS
 - Either RA system creates an RM and submits it electronically or
 - RM is created via IS-WEB
 - Previous RM attachments are available in IS (central repository) and are linked to the new RM automatically

→ reduction/elimination of manual effort in sorting and reconciling paper documents (attachments to RM or Correspondence)

→ reduction/elimination of printing/copying

Additional Submission format:

- Today
 - Either Cargo IDEC or paper invoice is possible
- With SIS
 - Additional to the defined formats (IS-IDEC, IS-XML, and IS-WEB) the billing carrier can choose to send its “own format”
 - This could be a format produced by his system
 - The interface conversion has to be paid by the billing carrier – according to current knowledge it is assumed the one time costs are marginal

→ Reduce/improve internal process and system costs

Invoice and attachment shipping:

- Today
 - Paper invoices with attachments have to be put into envelopes
 - The envelopes have to be shipped to the billed carrier – either by normal mail or courier



- With SIS
 - No paper invoices need to be shipped
 - If a billed carrier needs a paper invoice it has to be printed via IS-WEB on his printers and paper

- reduction/elimination of manual effort (packaging and posting)
- reduction/elimination of printing
- elimination of shipping costs
- reduction of time from sending invoice to receipt of invoice
- no risk/dispute associated with lost or delayed documents



5.2. Billed Carrier

Posting Incoming Invoice:

- Today the billed carrier might attach a posting slip to the incoming paper invoice and assign the accounts manually
- With SIS
 - All invoices are electronic.
 - The Transactions can be identified by Source Code (mandatory)
 - Therefore the posting for AWB Billings can be automated
 - The posting for Rejection Memos, Billing and Credit Memos can be automated through the Source Code and the mandatory and pre-defined Reason Codes for such billings

→ reduction of manual effort

Loading into correct system:

- Today
 - only original AWB billings are submitted via IDEC
- With SIS
 - All transaction types can be uniquely identified by Source Code (mandatory) and Standard Field Identifier (SFI)

A pre-loading program on the billing carrier's side (created by the carrier) could use the above information to identify which transactions should be loaded into the Cargo RA System (e.g. RM, BM, CM etc)

→ reduction of manual effort

Data Quality:

- Today
 - Only 3 fields on the header record are validated on IDEC
- With SIS
 - A complete validation according to chapter 2.6 will be done. Invoices with billing records not passing the validation will not be billed and settled
 - No programs for automated changes by carriers needed anymore (including the frequent updates and maintenance of those programs)
 - No manual changes needed in order to process the electronic data

→ reduction of manual effort

→ Reduce internal process and system costs

Completeness of electronic data:

- Today
 - Only AWB Billings are on IDEC
 - Only around 21 carriers use Cargo IDEC
 - All other carriers' interline data is received in paper and needs to be captured manually
 - Rejection Memos and other information has to be captured manually based on paper invoice and attachments
 - Miscellaneous cargo items have to be captured manually based on paper invoice and attachments
- With SIS



- Regardless of the billing carriers format choices, all cargo interline will be received electronically in the desired format
 - A complete validation according to chapter 2.6 will be done.
 - Invoices and billing records not passing validation (wrong or incomplete data) will not be billed and settled
 - No additional manual capture of data
 - Rejection Memos with rejection reason codes (RAWG defined codes) will be delivered electronically
 - Billing and Credit Memos with reason codes (RAWG defined codes) will be delivered electronically (instead of being delivered as paper Miscellaneous cargo items)
- reduction of manual effort
→ Reduce internal process and system costs

Check Incoming Invoice:

- Today
 - Paper invoice, settlement and IDEC can be different
 - Manual check to find difference and correct electronic data received from IDEC
 - Check incoming invoice on totals and correct
- With SIS
 - Electronic billing records, invoices and settlement based on same record within IS, no difference between the three
 - No manual check, manual error detection and manual error correction needed
 - No incoming invoice check on totals etc needed, as all records validated and correct
 - less rejection, manual effort, less posting
 - For Rejection Memos, the correct RM stages, Correspondence begin and time limits are enforced by IS
 - less rejection, manual effort, less posting

Correspondence

- Today
 - Letters may get lost in the post or sent via courier
 - Rejections due to non-reply and rejection of rejections arguing a reply was sent
- With SIS
 - No letters to get lost
 - No courier cost
 - No rejections due to non receipt of reply sent

- reduction of manual effort
→ elimination of shipment costs

Format Flexibility:

- Today
 - Records can only be received in the format the billing carrier is capable to supply
- With SIS



- Regardless of the possibilities of the billing carrier the billed carrier receives all billings electronically and in the format per transaction required
- reduction of manual effort
- Reduce internal process and system costs
- increase system flexibility



5.3. Billed and Billing Carrier

Rejection Memo, Correspondence and Billing Memo Audit Trail:

- Today, carriers do not have an overview of:
 - How many or what kind of rejections they have received for specific documents
 - If they have been rejected more than once for the same reason and coupon
 - Any other erroneous rejections
- With SIS, carriers have the possibility of an **Audit Trail View** via IS-WEB, which shows
 - How many and what kind of rejections they have received for specific documents
 - If they have been rejected more than once for the same reason and coupon
 - The complete audit trail of original billing, all RM stages, all Correspondence and the billing memo with the authority to bill
 - in the correct chronological order
 - with all supporting documents
 - with drill down possibility in more details and billing details
 - and a lot more
 - Detection duplicate rejections of the same original billing
 - improves the controls and allows a revenue recovery which today is not possible
 - reduction of manual effort
 - Reduce internal process and system costs



6. Cost Reduction and Benefits – Miscellaneous

The Miscellaneous invoices are significantly varied today (much less structured than the Pax and Cargo billings).

With SIS, 77 invoice types have been identified with a unique code (charge category and charge code) and defined mandatory fields. See also [chapter 2.2](#).

6.1. Billing Carrier

Prepare paper invoice and attachments:

- Today
 - Invoices have to be printed (paper and printers)
 - Invoices and attachments have to be “attached to each other”
- With SIS
 - No paper invoice has to be created and sent with the supporting documents
 - As soon as the billing is submitted to IS (daily, various days, weekly, monthly – at the billing carriers discretion), nothing has to be physically stored for a following manual process
 - Invoice / billing and attachments are “matched” by IS and linked together
 - If a billed carrier needs a paper invoice it has to be printed via IS-WEB on his printers and paper

→ reduction/elimination of manual effort (sorting)

→ reduction/elimination of printing

Miscellaneous Invoice bilateral / multilateral agreements:

- Today
 - Invoices are significantly varied and unstructured
 - Bilateral or multilateral agreements on “how specific invoice types” shall look like or what kind of attachments are really necessary are difficult to reach even within an alliance
- With SIS
 - 77 invoice types have been identified with a unique code (charge category and charge code)
 - They have defined mandatory fields
 - They have defined attachment needs
 - Bilaterally or multilaterally carriers can agree – for specific invoice types – to eliminate or reduce attachments

→ reduction of manual effort

→ Reduce internal process and system costs

→ Standard formats mean that each new interline relationship is electronic without additional effort

Invoice and attachment shipping:

- Today
 - Paper invoices with attachments have to be put into envelopes
 - Attachments for just ONE invoice can be up to 100 pages
 - The envelopes have to be shipped to the billed carrier – either by normal mail or courier
 - Different types of invoices are handled by different people within each airline, they might not be the ones the invoices were shipped to, resulting in the billed airline chasing the billing airline for copies of invoices already sent
- With SIS



- No paper invoices need to be shipped
 - If a billed carrier needs a paper invoice it has to be printed via IS-WEB on his printers and paper
 - Different departments within the billed airline would find their invoices in the same place – invoices do not get lost / misplaced
 - Invoices and supports can be routed automatically to the appropriate department or individual
-
- Reduction/elimination of manual effort (packaging and posting)
 - reduction/elimination of printing
 - elimination of shipping costs
 - reduction of time from sending invoice to receipt of invoice
 - no risk/dispute associated with lost or delayed documents



6.2. Billed Carrier

Posting Incoming Invoice:

- Today
 - the billed carrier might attach a posting slip to the incoming paper invoice and assign the accounts manually
- With SIS
 - All invoices are electronic.
 - The transactions can be uniquely identified by Charge Category and Charge Code
 - Therefore the posting for most if not all Miscellaneous invoices can be automated
 - The mandatory fields for automated posting have been validated by IS

→ Reduction of manual effort

Reconciliation of Incoming Invoice:

- Today
 - the billed carrier might have the data for the automated reconciliation ready in the system
 - before being able to use the data the billed carrier has to manually capture the paper invoices including some information which today is in the attachments
- With SIS
 - All invoices are electronic.
 - The invoice types can be identified by Charge Category and Charge Code
 - Therefore the automated reconciliation for most of the priority 1 invoice types can be automated (if the data is available on the billed carriers' side is available)
 - The mandatory fields for automated reconciliation are in an electronic and parseable format either on the invoice line items or in the e-electronic attachments and has been validated by IS

→ Reduction of manual effort

Data Quality:

- Today
 - All paper
- With SIS
 - A complete validation according to chapter 2.6 will be done. Invoices with billing records not passing the validation will not be billed and settled

→ reduction of manual effort

→ Reduce internal process and system costs

Completeness of electronic data:

- Today
 - All paper
- With SIS



- Regardless of the billing carriers possibilities, all Miscellaneous interline invoices and supporting documents can be received electronically in the desired format
- A complete validation according to chapter 2.6 will be done.
- Invoices and billing records not passing validation (wrong or incomplete data) will not be billed and settled
- No additional manual capture of data

- Reduction of manual effort
- Reduce internal process and system costs

Extended multilateral or bilateral billings:

- Today
 - Only paper
- With SIS
 - The record structure allows for bilateral- or multilateral- (alliance) specific agreements with data submitted in an “airline specific field”

- Reduction of manual effort
- Reduce internal process and system costs

Format Flexibility:

- Today
 - All paper
- With SIS
 - Regardless of the possibilities of the billing carrier the billed carrier receives all billings electronically and in the format as required

- Reduction of manual effort
- Reduce internal process and system costs
- Increase system flexibility
- Suppliers to airlines may also standardise invoices using the same formats, reducing effort for other Accounts Payable areas



7. Cost Reduction and Benefits – Various

RA Systems

Many RA System providers do not charge for mandatory “industry changes”. The cost to adapt their processes is included in the normal maintenance fee.

SIS is a mandatory industry change.

Please check if this is the case with your system.

Staff reallocation to Fraud:

eFraud and specifically CC-Fraud is a major topic for most carriers today. The staff members freed up from eliminated manual work after implementing SIS (even during migration) could be re-allocated to Fraud detection increasing the revenues and reducing the losses substantially.

→ increase revenues

→ improve cash flow

Faster Revenue Recognition:

Faster revenue recognition and better commercial/financial information because of

- automated data
 - Less manual intervention
 - Substantial data quality improvements
 - RM and Billing and Credit Memo electronic structured data
 - Time Limit reduction possibilities for Prime Billing, Rejection Memos, Correspondence and Sampling
 - Miscellaneous Invoices structured electronic data
 - Supporting Documents in e-electronic data or electronic presentation
- improve cash flow

Cost reduction:

- Reduction in paper, postage, and courier fees
 - Reduction in manpower cost (internal or external) associated with invoice registration, document preparation, document sorting, transaction level reconciliation
- reduce costs

Process improvements and therefore cost reduction:

- Reduction in internal paper handling and supply chain efforts
- No more loss of supporting documentation and subsequent re-creation of invoices
- Airline flexibility to outsource to Integrated Settlement as “à la carte” services (e.g. auto-billing), giving carriers the choice of which functions they wish to handle internally or externally
- Airline flexibility to perform different stages of the process at different geographical locations (no more restriction by paper handling, mailing in between different airline offices, or between airline and service provider)
- Cost reduction by having some functionalities via Web-Interface instead of in-house system changes or manual processes (e.g. Audit Trail)
- By increasing the number of carriers using NFP (even as non-final), billing accuracy will improve, decreasing the RM volume
- Switching and / or storing own prorates on a bilateral basis via central body might reduce IT communication cost
- Mandating IS-IDEC early for Passenger Prime Billing (earlier than whole SIS implementation mandate, e.g. 1 year after first carriers live) will deliver a significant portion of the benefits early



Risk Management and Cash Flow increase:

- Time Limit reduction possibilities for Prime Billing, Rejection Memos, Correspondence and Sampling as the billed carrier does not have to wait for physical documents. It is anticipated that each RM and correspondence can be decreased by two months; the RAWG will make the final decision.
- Using Auto-Billing will enable earlier collection of monies for some carriers (see Pax Billing, Billing Carrier for more information)
- Final settlement is for fewer items outstanding for a shorter period of time

Save the environment:

- Electronic invoices and supporting documents instead of paper invoices and supporting documents
- No shipping of paper invoices

SIS complements alliance objectives:

- Through the ability to switch and / or store own prorates on a bilateral basis via central body
- Allowing “airline own data” fields with bilaterally / multilaterally agreed content to
 - increase automation even more
 - allow alliance-specific processes
- Allowing bilateral / multilateral agreements on Miscellaneous invoices per invoice type



8. SIS, ICH, and AIA estimated costs

Integrated Settlement, like other IATA industry services, will be run on an operational cost-recovery basis. **The prices below reflect the current best estimate of the charges necessary to operate IS on a cost-recovery basis. As more information is made available to IATA about the estimated and actual use of the service, prices will be adjusted in order to maintain neutral revenue.**

The existing IDEC fees will continue to be charged at the current rates for all IDEC submissions. (The existing IDEC fee **will not** apply to IS-IDEC submissions via IS, which will be charged as per below.)

Overview of Charges

The operational costs of Integrated Settlement will be recovered in several ways:

- **ICH Web Fees**
An ICH Web annual fee of \$1,000 or \$1,500 is currently charged to ICH participants. This existing fee will remain the same until the participant has fully migrated.
- **ICH Web/SIS Migration Surcharge**
This surcharge will be used to cover the operational costs during migration and will be applied in addition to the existing ICH Web fees (above) until the participant has fully migrated.
As an ICH Web fee, it will be charged to all ICH participants that currently pay the existing ICH Web fee. Additionally, it will be charged to participants who choose to join IS but do not join the ICH (this predominately applies to ACH carriers). This surcharge is described in more detail below.
- **IS Annual Fee**
After a participant fully migrates to Integrated Settlement, all ICH Web fees (both the original and the surcharge) will cease and be replaced by an annual IS fee. This fee is described in more detail below.
- **IS Transaction Fees**
Transaction fees will be charged to every IS participant for the billings and transactions that are submitted to IS. They will be charged both during and after the migration. These fees are described in more detail below.

A Note on Graduated Pricing

A prevalent feature of the IS pricing described in this chapter will be graduated prices in which the price charged to participants varies based on one of several factors, such as participant type (e.g. IATA member) or participant size. To determine the price to be paid, you must first determine which category you'll be placed in. Where necessary, this chapter will describe those categories.

ICH Web/SIS Migration Surcharge

In order to ensure that IS operating costs are covered during the migration period, the surcharge will be charged to all ICH participants, regardless of use of Integrated Settlement. The amount of the surcharge depends upon two categories:

- **Participant size** is measured by the number of invoices submitted to the ICH in the previous calendar year. This includes all invoice types (Pax, Cargo, Miscellaneous, and UATP). Where a participant without a previous history in the ICH joins Integrated Settlement, IATA will estimate the number of invoices for the purpose of the first year.
- **Participant type** is the same as used in the ICH today and one of the following:
 - IATA Member Airlines
 - Non-IATA Member Airlines (this includes ACH members that are not IATA members)
 - IATA Strategic Partners, subsidiaries of IATA members, and sponsored members of the ICH



- o Associate Members & Other Participants

The ICH Web/SIS Migration surcharges for the first year of operation are expected to be:

Invoices Submitted		IATA Members Airlines	Non-IATA Member Airlines, IATA Strategic Partners, Subsidiaries, Sponsored Members	Associate Members, Other Participants
From	To			
0	799	\$4,000	\$4,500	\$4,800
800	7,999	\$6,500	\$7,800	\$10,500
8,000	15,999	\$9,000	\$10,500	\$15,000
16,000	24,999	\$11,500	\$13,500	\$20,000
25,000		\$13,000	\$15,600	\$22,750

(Expected ICH Web/SIS Migration Surcharges– Year 1)

Additional notes on the ICH Web/SIS Migration surcharge:

- The above fees are in addition to the existing ICH Web fees of \$1,000 or \$1,500. The exception is if a participant wishes to join Integrated Settlement but not the ICH (applicable to ACH carriers), in which case that participant will pay only the ICH Web/SIS Migration Surcharge.
- ICH Web fees are currently charged on an annual basis. The surcharges described in this section will be prorated based on the amount of time that IS is available for use in the first calendar year. As such, according to the schedule in 2.3 Potential SIS Timeline, only 16% (based on 2 months) of the above surcharges will be charged in calendar year 2010.
- As more of the IS operating costs are covered by transaction fees (see below), the surcharges will be decreased in order to maintain the revenue-neutral aspect of Integrated Settlement. Based on IATA’s conservative estimates of growth in transaction throughput, it is expected that the surcharges in the fifth year of operation, **assuming that the migration is still occurring at that time**, will be reduced to the following:

Invoices Submitted		IATA Members Airlines	Non-IATA Member Airlines, IATA Strategic Partners, Subsidiaries, Sponsored Members	Associate Members, Other Participants
From	To			
0	799	\$3,500	\$4,250	\$4,500
800	7,999	\$5,000	\$5,500	\$8,000
8,000	15,999	\$6,500	\$8,000	\$11,500
16,000	24,999	\$7,500	\$9,000	\$13,000
25,000		\$8,500	\$10,000	\$16,000

(Expected ICH Web/SIS Migration Surcharges – Year 5)

IS Fees

When using the Integrated Settlement service, there are two types of charges that will apply:

1. Annual IS Flat Fee

This annual fee will replace the ICH Web Fee and the Migration Surcharge (both described above) for participants that do not use the ICH features as they exist today – every single billing is migrated to IS. Like the Migration Surcharge, the SIS annual fees will be dependent upon participant type (see above for an explanation of participant types).



It is expected the below fees will be charged:

Participant Type	Annual IS Flat Fee
IATA Member Airlines	\$1,000
Non-IATA Member Airlines, IATA Strategic Partners, Subsidiaries, Sponsored Members	\$2,250
Associate Members, Other Participants	\$3,500

2. Transaction Fees

- a. Transaction fees will be charged for each submission of a transaction or record by the billing participant. The amount paid per transaction depends upon the total IS transaction fees paid by the participant in the previous year and will fall into one of the following categories:

IS Transaction Fee Ranges	
From	To
\$0	\$19,999
\$20,000	\$59,999
\$60,000	

After determining the proper category in the chart above, the following chart can be used to determine the actual transaction prices to be charged:

Transaction Type	Previous Year's IS Transaction Fees		
	\$0 - \$19,999	\$20,000 - \$59,999	\$60,000 +
Invoices – per <i>Pax, Cargo, Misc</i>	\$0.57	\$0.45	\$0.33
Group A – per <i>Pax: Prime Coupon, Billing Memo, Credit Memo, Sampling Provisional Invoice Coupon, Sampling Digit Evaluation Coupon, Auto-billing Request²</i> <i>Cargo: Original Billing (AWB), Billing Memo, Credit Memo</i>	\$0.0057	\$0.0045	\$0.0033
Group B – per <i>Pax: Rejection Memo (including Sampling), Sampling UAF Coupon, Correspondence</i> <i>Cargo: Rejection Memo, Correspondence</i>	\$0.0114	\$0.0090	\$0.0066
Supporting Documents – per kilobyte <i>Pax, Cargo, Misc</i>	\$0.0011	\$0.0009	\$0.0007
* All transactions entered via the IS-WEB interface and not via IS-IDEC or IS-XML (including Correspondence, which are only entered via IS-WEB) will be charged an additional 25%. This surcharge will not apply to supporting documents uploaded via the IS-WEB interface.			

² The charge for auto-billing request does not include the invoice and prime coupons that are then submitted on the carrier's behalf; those are charged additionally at the described rates.



Additional Notes on the IS Transaction Fees:

- For the purposes of determining the proper category, fees will only take into account the IS transactional charges and not any annual fee paid.
- For each participant's first year, where there are no previous IS transaction charges, IATA will estimate the expected transaction volume based on previous history in order to set the transaction charges.
- For each participant's second year, where the first year did not include an entire calendar year of transactions, the first year's transactions will be extrapolated to represent an entire year. For example, a participant paying \$5,000 in 2010 after joining on 1 November will be placed into the 2nd category as if they had paid \$30,000 in the first year ($\$5,000 / (2/12)$).

b. AIA fees are **not** included in the above figures and will be charged separately by AIA. Existing fees, such as for First & Final are detailed in Chapter B14 of the Revenue Accounting Manual. New AIA fees, such as for prorated exchange, will be charged as per the following table.

AIA fees are charged in a “packaged” manner (rather than the “à la carte” charging above). For example, a carrier using the auto-billing functionality for an NFP non-final value pays just the listed auto-billing charge but does not also pay the listed NFP non-final charge.

Service	Fee Charged To	Cost
Own Prorate Exchange		
Switched Prorate	Sales Carrier	\$0.01
Stored Prorate		\$0.135
NFP Non-Final		
Proration & Storage (Switching)	<i>Carrier Receiving The Value</i> Sales Carrier if it receives prorated at time of submission - And/or - Billing Carrier if it receives prorated	\$0.1075
Proration & Retrieval (Storage)	Billing Carrier	\$0.1825
NFP Final (First & Final)		
Proration & Retrieval (Storage)	Billing Carrier	\$0.1475 ³

With the combined agreement of the sales carrier, the billing carrier, and AIA, the above fees can be charged to either participant, or divided amongst the two.

The “Value Determination” and “Auto-billing” features of Integrated Settlement require the storage option from AIA.

³ This fee is typical of the First & Final fees which are detailed elsewhere for First & Final airlines. It might be lower depending on the number of transactions or the availability of daily prorated values.



c. Ancillary E-Invoicing fees will be charged to each carrier that requires the service.

Digital Signature & Validation	\$0.38
e-archiving	\$0.16

In the next several months, the SIS project will publish a guide to evaluating and, where applicable, helping participants to influence the situation in their country with regard to the legal requirements of e-invoicing. Until this guide comes out, it is recommended that, for the purposes of your Business Case and where your organization is unaware of the presence or lack of legal requirements, you assume that digital signatures and e-archiving is not necessary.

Transaction fees are additive. An average-sized carrier (2nd transaction pricing category) submitting a “P” invoice with 1000 billing memos via the IS-WEB interface and 100kb of supporting documents, where the billing carrier requires a Digital Signature would be charged a total of \$6.3675 as per the following breakdown:

\$0.45	1 Invoice
\$0.1125	IS-WEB Invoice surcharge
\$4.50	1000 Billing Memos @ \$0.0045 per (Group A)
\$1.125	IS-WEB Billing Memo surcharge
\$0.09	100 kb of supporting documents @ \$0.0009 per kb
\$0.38	1 Digital Signature & Validation

If that carrier submitted 1000 auto-billing records during the same period, it would incur an additional \$9.83 as per the following breakdown (not including AIA costs):

\$4.50	1000 Auto-billing Requests @ \$0.0045 per (Group A)
\$0.45	1 Additional Invoice
\$4.50	1000 Prime Coupons @ \$0.0045 per (Group A)
\$0.38	1 Digital Signature & Validation



9. Appendix – Example

Fictitious Example of Airline XX passenger accounting:

Airline XX

1. sells 5m tickets a year
2. carries 10m passengers a year – an average of 830,000 a month
3. 20 % of the passengers travel on OC tickets
4. other airlines uplift 750,000 of XX's coupons per year

#	Process Today	Process with SIS
1	Airline XX currently employs 2 staff to sort and prepare their passenger outward bills (prime billing, rejects, etc). They print the invoices, pack the invoices into envelopes with any supporting documents and arrange the shipment (either via courier, take the mail to the post office or arrange internal mail).	No need
2	The mailing company invoices airline XX for the shipment cost.	No billing
3	If an invoice with the attachments is not received by the billed airline, a chaser is sent, and airline XX tries to track down the sent documents (either via the courier company, or using any internal tracking mechanism). If the envelope is not found, airline XX has to recreate the invoice - reprint the invoice and the coupon listing, and if they have copies/images of the paper coupons, print the images, otherwise ask permission to bill on a lost coupon basis.	No need – no mailings or shipments that could be lost
4	When airline XX receives the list of invoices billed by other airlines and settled through the clearing house, XX set them up in their sales ledger, waiting for the receipt of these invoices. This might happen automatically or manually.	As all invoices and details are electronic carriers can upload them into their system and post them automatically. No need to wait for invoices as everything will be available at the same time.
5	Airline XX employs 3 staff to register the receipt of the physical invoices (log date of receipt, compare the details held based on the ICH data). They also chase other carriers if physical invoices are not received in time.	No need
6	Airline XX uses 20 % of a system expert's time to quality control the IDEC data before loading it into their system, and that person also deals with any data loading failure, as a result of any incorrect/inconsistent data on the file.	No need SIS data has passed a thorough validation and can therefore be loaded into XX's system



#	Process Today	Process with SIS
7	Airline XX employs 1 staff to verify the invoice totals from ICH, the physical invoice and the IDEC data. That person investigates the differences, decides on which values are correct (based on the supporting information) and takes appropriate action (e.g. raise a rejection for unsupported billing, adjust the sales ledger or any other accounts, as appropriate).	No need Electronic invoice, billing details and ICH settlement are consistent.
8	Airline XX outsourced some of its inward bill controls activities - e.g. invoices from the 10 biggest interline partners are dealt with in-house, the rest is sent to another party for verification. Airline XX uses 50 % of a staff's time to prepare and send these invoices to the audit company, via courier or other mail.	No need As all invoices, billing records and supporting documents are electronic no paper is sent. Outsourced staff can access Integrated Settlement in the same ways as home-based staff.
9	The shipping (mailing) company invoices airline XX for the shipment cost.	Does not happen
10	The audit company completes the audit and rejects some billings. As invoices are printed centrally by airline XX, the audit company sends back all documents needed to support the rejection to airline XX via courier (or other mail).	The audit company completes the audit and rejects some billings. All electronic, no shipment needed
11	The courier (mail) company invoices airline XX for the shipment	Does not happen
12	Airline XX uses 50 % of a staff's time to print the rejection invoices and rejection memos and attach the documents sent back by the audit company as a support. This staff member also puts the invoices into envelopes and arranges for the courier (mail company) to ship them to the other airline.	All electronic – no need
13	The courier company invoices airline XX for the shipment costs.	Does not happen

→ Based on the above example, only the bold-text process in step 10 has to be done with SIS!

Note that similar processes will also apply to Cargo billings and Miscellaneous billings.