



**Paperless Visibility with Electronic Invoicing**  
**Driving Efficiency and Lowering Costs with IATA InvoiceWorks**  
*Wednesday, June 8<sup>th</sup>, 2005*

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# Agenda

- Case for Change
- IATA InvoiceWorks Solution Overview
- Northwest Airlines – Customer Case Study
- Q&A
- Next Steps

# Airline Industry Snapshot: Volatility

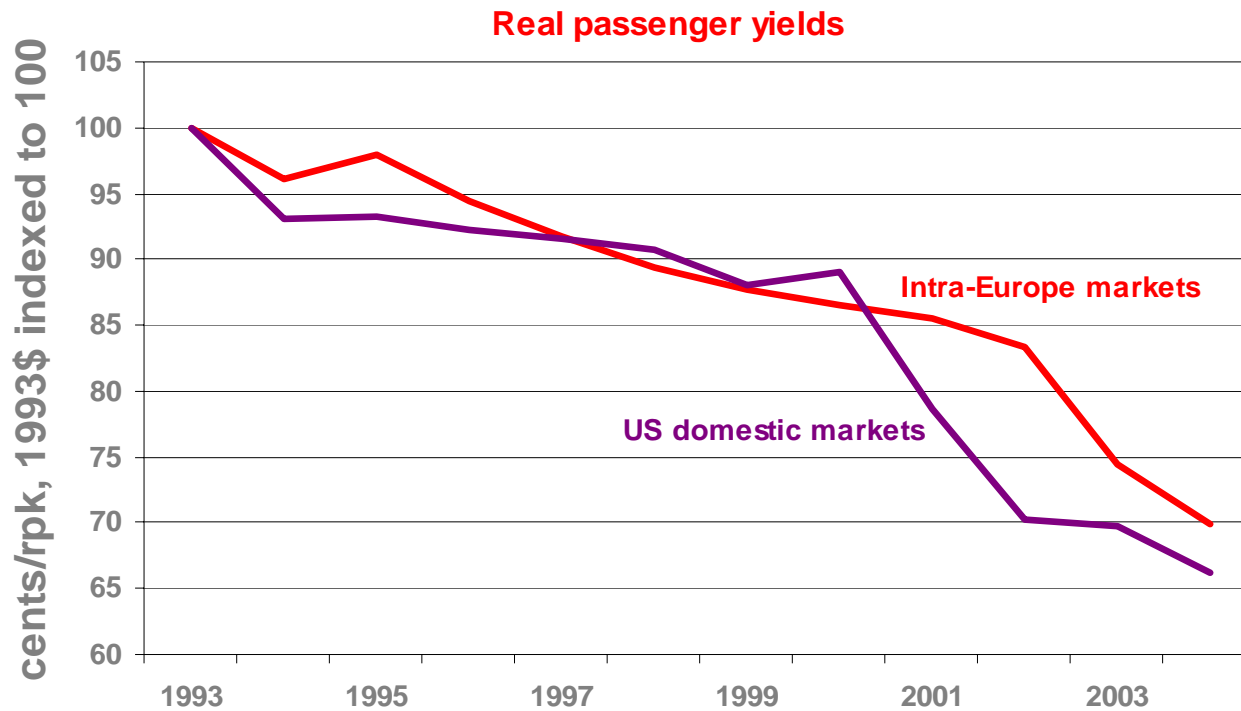
Unprecedented volatility in customer demand



Source: IATA

# Airline Industry Snapshot: Yield

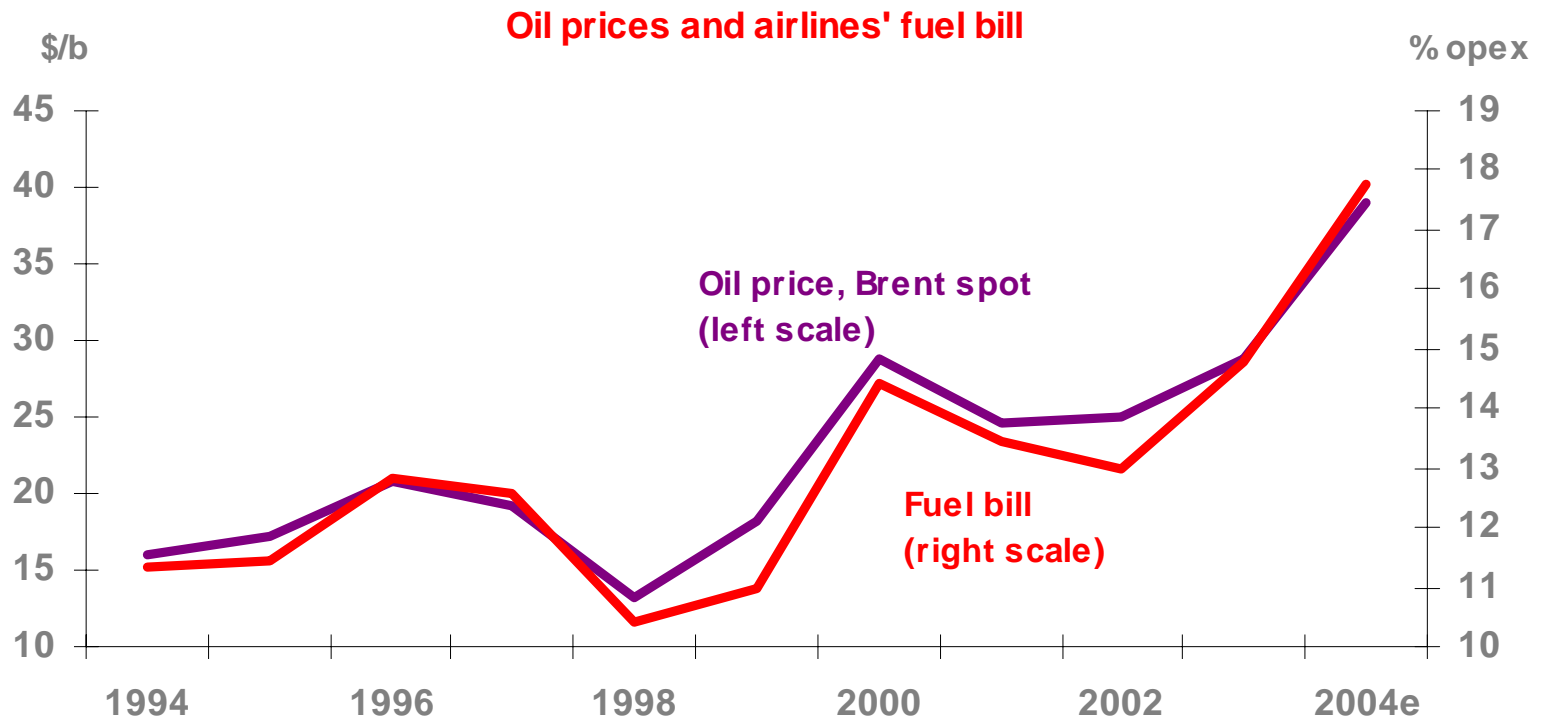
Deregulation in our product markets means more of this



Source: ATA, AEA IATA estimates for 2004

# Airline Industry Snapshot: Fuel

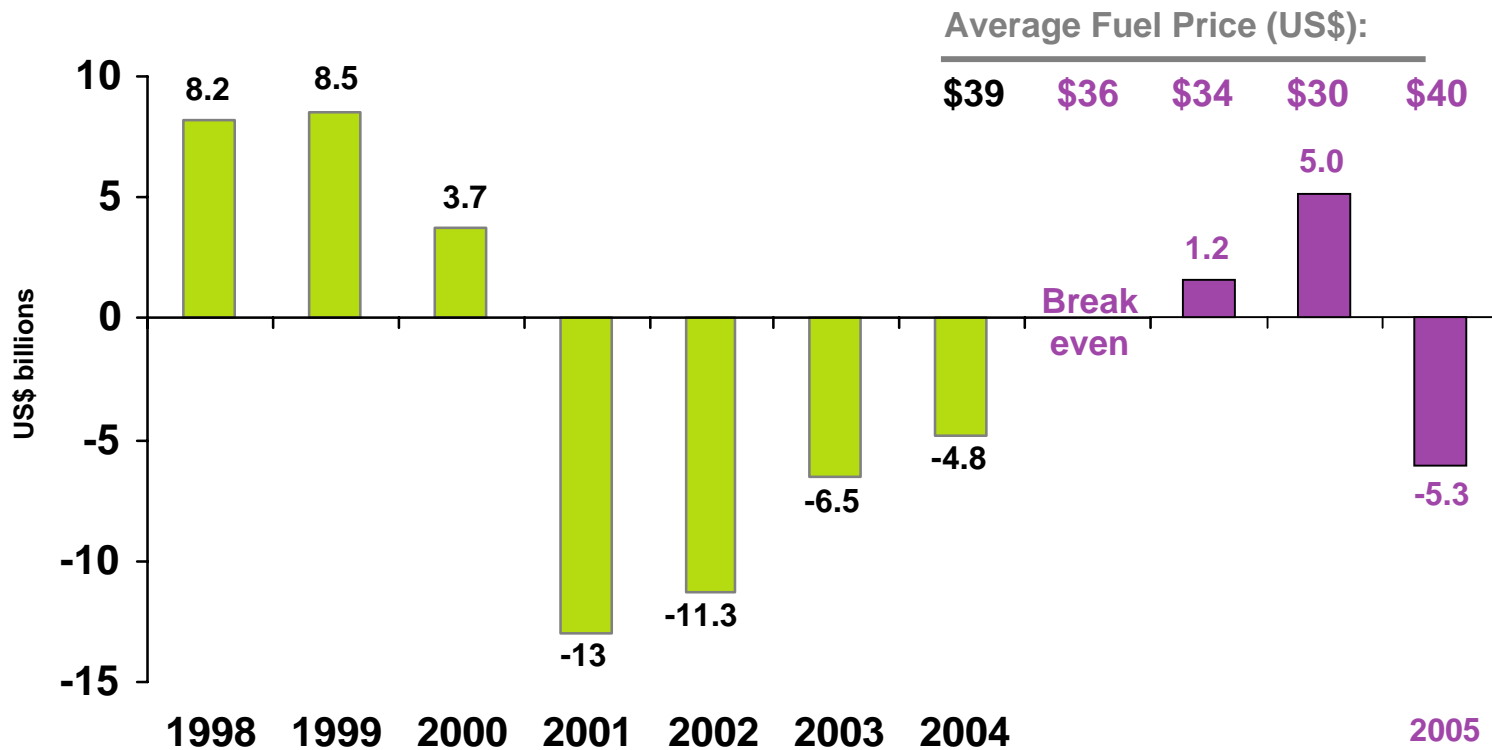
The oil price has swamped any other financial improvements



Source: IATA, ICAO

# Airline Industry Snapshot: Profits

A return to profit this year remains highly exposed to the oil price



# So What Are We Doing About It?

- Cost Reduction
- Cost Management
- Industry Solutions for Common Business Processes

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# InvoiceWorks Value Proposition

- Electronic Invoice and Supporting Details
- Integrated
  - “P.O. Flip”
  - Validation & Coding
  - Online Query & Dispute Management
  - Workflow and Process Management
  - Centralized Reporting and Control
- Integration with ERP, Accounts Payable & Operational Systems
- “Win-Win” for Suppliers and Payers
  - Typically Reduce Invoice Processing Costs by 50-75%
  - Hard-Dollar Savings

# **IATA InvoiceWorks** *Powered by BearingPoint.*

## **E-Invoicing**

- Manual Entry
- File Upload
- FTP

## **Work Flow**

- Routings
- Approvals
- Linkage to AP Systems

## **Status**

- Dispute Resolution
- E-Mail notifications
- Metrics

## **Paper Invoice Mailbox**

- Scanning
- Data Capture
- Document Handling

**Applications Management & Hosting**

**Customer Support & Help Desk**

**Implementation Consulting & Enrollment**

**Software Support, Maintenance, & Future Development**

# E-Invoicing Benefits

## **Biller (Supplier)**

- Lower printing and production costs
- Lower delivery costs
- Elimination of mail float

## **Payer (Airline)**

- Eliminate paper invoices and manual data entry
- Higher efficiency and staff productivity
- Better control over invoice routing & approval

## **Both Business Partners**

- Visibility of invoice status
- Improved data quality
- Improved cash management
- Online query & disputes
- Improved ability to manage early-pay discounts
- Improved buyer-supplier relations

**Yields Tangible Dollar Savings for Both Suppliers and Airlines**

# Power Supplier Case Study

## **BAA plc:**

Supplier's main measure is outstanding debt rather than staff per invoice

## **with IATA InvoiceWorks:**

- Notable reduction in 'Days Sales Outstanding (DSO)' for customers on IW
- Cost and productivity savings
- +400 invoices with value +\$60M through IW in April

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# Industry Solution - Benefits

- Click-and-Use: no need to purchase new hardware or software; no need to establish expensive Business Continuity and Disaster Recovery Plans; no need to establish expensive 24-hour Help Desk Support
- No development costs; lower enhancement costs through aggregation of common, user priorities (Implementation costs)
- Lower transaction costs through economies of scale (\$3 -\$2)
- Industry data standards and formats
- Accelerated deployment and benefits through driving critical mass of users
- Each Supplier and Airline needs just one interface to the IATA InvoiceWorks
- Enables large and small Airlines and Suppliers to implement quickly, with high penetration, at low cost
- Active Supplier and Airline enrollment through industry initiatives – benefit to all users
- Integration with ERPs, AP/AR Systems, Fuel Management, Contract Management and Payment Card Settlement solutions
- “User Group” driven to manage development priorities and service quality

# Northwest Airlines Implementation

- Custom invoice templates for PO and non-PO
- Designed vendor edit and validation checks, configured workflow, and GL coding
- Implementation of imaging solution
  - US and Canadian Invoices (DIT)
  - Imaging via Paper Scanning, (P.O Box) Fax, and / or Email
- Solution enhancements
  - Single Sign-on
  - Favorable Terms Override
  - Escalation emails at 7, 15, and 30 days
- American Express settlement

# Northwest Airlines Case Study

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## Northwest Airlines:

### Before:

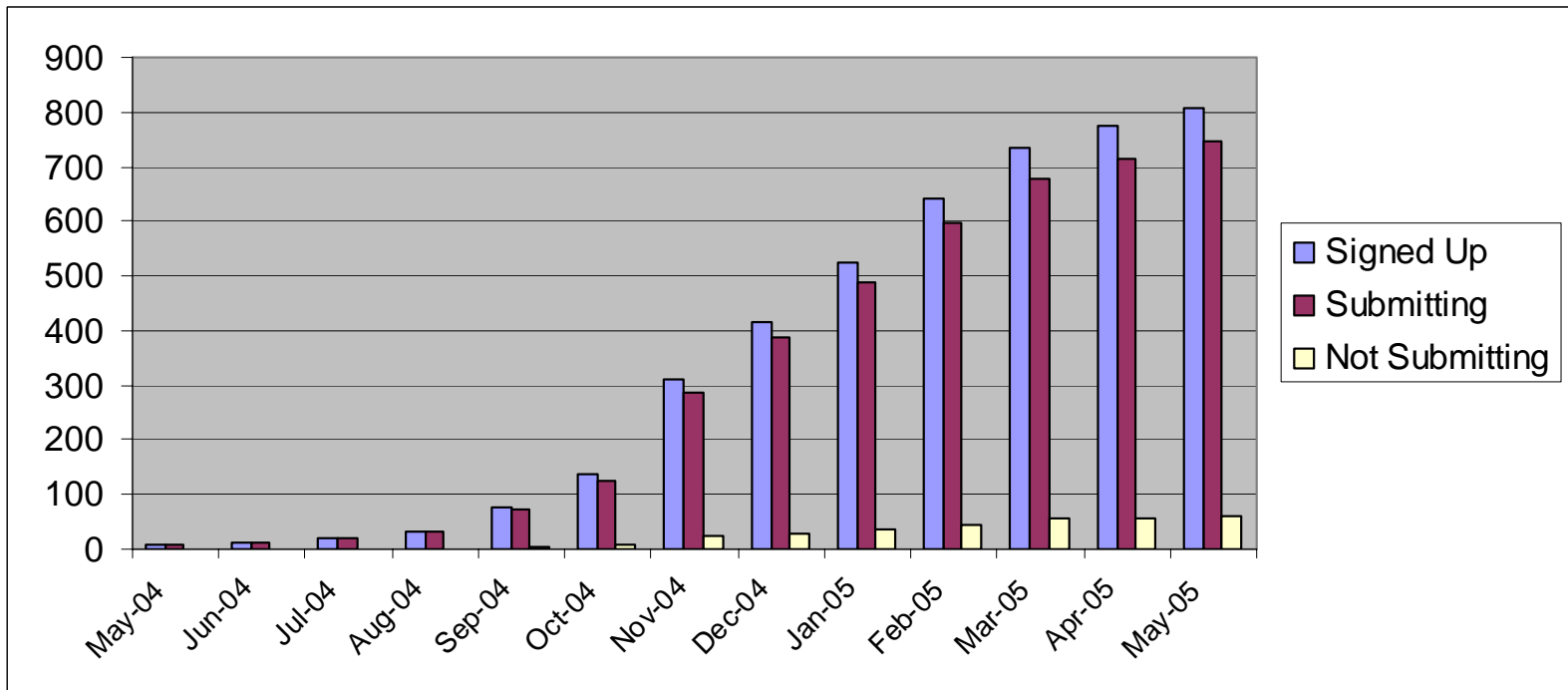
- Total volume 83,000 invoices per month
- Paper volume 33,000 invoices per month
- Accounts Payable staffing
  - 33 Full Time Equivalents (FTEs)
  - 3 Managers

## IATA InvoiceWorks:

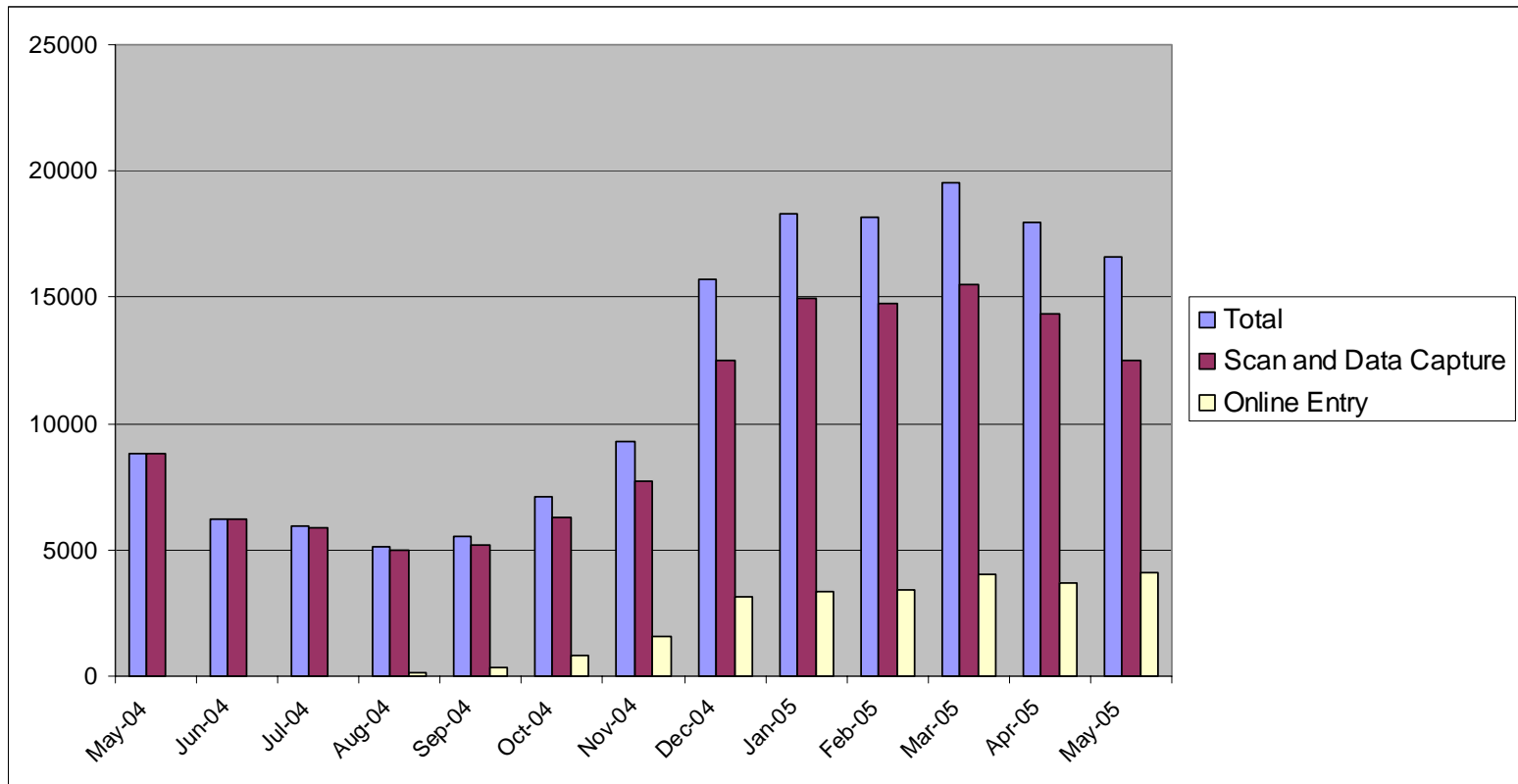
### After:

- Currently processing 18,000 invoices per month
- Reduction of employees
  - 6 FTEs captured of 9 planned
  - 1 Manager captured per plan
  - Goal for an additional 1 this month, and 2 in August
- Relationship with suppliers very positive

# Vendor Adoption – Cumulative by Month



# Invoice Volume - Total



## Northwest Airlines Roll-Out

- Focused initially on Scan and Data Capture volumes
- Communicated program internally and externally
  - In-house training developed: Web based and instructor led
  - Sent out letters to 5,000 vendors
- Targeted segments for roll-out
  - Beta Launch May 2004 (MSP, MEM, DTW, STL, EWR)
  - Enterprise rollout December 2004
- Promoted vendor adoption
  - IATA InvoiceWorks
  - Amex Settlement

# Where Are We Today

## IATA InvoiceWorks Launched in May 2004

- **Electronically Linked:** **818** registered suppliers of **22,000** total suppliers
- **Invoice Volumes:** **18,000** invoices per month, **1,400** active NWA approvers, **153,000** invoices paid LTD at **\$1 billion**
- **Invoicing Standards:** Fuel XML, Airport XML in development at NWA
- **Invoice Settlements:** Amex Payment Card

## What's in the Pipeline

- Enhancements prioritized by the User Group
  - Attachment capability on invoices sent via File Upload and FTP
  - Advanced electronic signature, verification, and archiving to satisfy EU e-Documentation regulatory requirements
- Future development
  - Solution Enhancement - Generic IDs
  - Imaging Enhancement - Multiple images per attachment with separator page
- Expand electronic invoicing into international

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# Q & A

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## Next Steps

- One day of free consulting to perform Quick Scan/ROI
  - Questionnaire available online at <https://redporch.com>
- For more information, please contact:
  - Ayaz Hussain at [hussaina@iata.org](mailto:hussaina@iata.org)
  - Greg Emmert at [gregory.emmert@bearingpoint.com](mailto:gregory.emmert@bearingpoint.com)