NDC Case Study

InselAir transforms from travel provider to experience provider

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New Distribution Capability (NDC)

New Distribution Capability (NDC) is a travel industry-supported program launched by IATA for the development and market adoption of a new, XML-based data transmission standard.

The NDC standard enhances the capability of communications between airlines and travel agents and is open to any third party, intermediary, IT provider or non-IATA member, to implement and use.

It will transform the way airline products and services are retailed to corporations, leisure, and business travelers and will facilitate product differentiation, time-to-market, access to full and rich travel content, and a transparent shopping experience.

*Full information can be found at: **www.iata.org/ndc***

InselAir

InselAir has been providing international connectivity to the Americas as well as the Caribbean region since 2006. Hubbing out of Curacao and Aruba, InselAir operates about 70 daily flights on a network that will comprise 30 destinations by the end of 2016. Interline partnerships and codeshares add further value to this connectivity.

InselAir expects to carry 1.4 million passengers in 2016 and is adding to its fleet of 18 aircraft to cope with the growth in traffic. The airline employs approximately 750 people.

Full information can be found at: ***www.fly-inselair.com***

InselAir transforms from travel provider to experience provider (1)

The NDC pilot

InselAir became involved in NDC to take advantage of the product enrichment offered by the NDC environment. NDC will allow InselAir to provide a complete travel experience to its passengers while retaining full control of the products and their presentation to the traveling public.

Collaborating with industry partners and playing its part in raising the bar in customer service also provides InselAir with a platform for future innovation.

The Objectives

The objective for the first phase of the InselAir NDC project was the successful issuance of a ticket that originated in the NDC environment and was fulfilled within the airline's legacy system. This phase went live in December 2015.

The overall implementation took about 12 months, most of which was spent developing the specific technical requirements to build the communication links to the airline's passenger service system (PSS). InselAir reports the actual development of the NDC platform was relatively quick thanks to the agility of its technical partners.

An upgrade from NDC 15.2 to the NDC 16.1 schema was completed in early 2016. This will be integrated into offer and order management systems to produce offers and create orders for ticket and flight ancillaries completely outside of the legacy system while ensuring delivery through the traditional processes.

Building in passenger history and offer customization is an important component in this phase of the project and will enable InselAir to recognize a passenger earlier in the sales process. This leads to an offer specifically for the passenger through the bundling and unbundling of products and services based on past behaviors.

InselAir is also working on dynamic pricing of non-air products to be part of the offer and order management systems. This supports the real-time revenue management of ancillary products.

While offer / order IDs are being used only within the NDC management system, there is a reference to the document numbers and PNR references issued through the legacy PSS. As such, the airline is supporting both NDC order management and legacy reservations through the NDC platform.

This communication with the PSS forms the basis of the revenue accounting process although a full integration of revenue accounting is not in the project's scope. As dynamic pricing for flights is currently beyond the project's parameters, the impact to revenue accounting is minimal at this time.

Before the end of 2016 the airline plans to take NDC connectivity into full scale production, including BSP payments through the IATA Weblink and ARC Alternative Distribution Channel products.

Once development is complete for InselAir, the process will be repeated for InselAir Aruba so that the future interline NDC communication schemas can be implemented on an NDC-to-NDC basis.

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Project Measurement

Measuring the success of the NDC pilot was built into the project from the start. The first phase was simple enough and needed only to work to be deemed a success.

As the airline moves into future phases of the project, it becomes more difficult to objectively determine success or failure, but InselAir has identified several goals:

- Does the deliverable work in a way that does not compromise any existing functions?
- Does the deliverable consistently work in all anticipated situations?
- Does the deliverable allow the airline to benefit from the NDC strategy?

If all of these criteria are met, then the phase will be considered successful.

The airline will also monitor some subjective measures, however, that are specific to its business model. In other words, it has found that success is a relative concept and must be judged according to the situation of the individual airline.

The Challenges

As is normal when exploring new territory, the airline encountered several technical challenges. While the "marathon, not a sprint" maxim remains appropriate in such circumstances, InselAir describes it as "more like an expedition into the unknown."

The business rules, the implementation guides, and the vision for NDC—all provided by IATA—are an excellent framework but airlines are still blazing a trail on the day-to-day practicalities.

That meant a number of wrong turns and dead-ends. But thanks to a dedicated team of partners and a committed internal staff, InselAir was able to track and rectify any mistakes.

This trial and error process was time consuming but ultimately gave the airline a comprehensive roadmap appropriate to its journey.

InselAir soon realized that internal organizational and operational changes were an integral part of NDC adoption. And while such changes are always difficult, the airline found them necessary to bring the new NDC functionality to the traveling public and the industry as a whole.

The Role of Partners

Internally, InselAir has assigned a Project Management team to coordinate the operation of all of the NDC-affected systems to ensure they are falling within the scope of the NDC project.

SITA, the airline's PSS supplier, is providing the technology resources to ensure connectivity to their system while JR Technologies has taken the lead for developing the interfaces into the NDC framework, as well as developing NDC-based connection points for third parties. Its gateways, NDC merchandizing engine, and end user interfaces support the order fulfilment of tickets and both bundled and unbundled ancillary merchandizing for corporate and non-BSP travel agent sales channels.

The airline reports that its technology partners share the airline vision for NDC. It has helped that the airline, SITA and JR Technologies are all active members of the IATA NDC working groups that meet regularly.

InselAir transforms from travel provider to experience provider(3)

The Role of Partners

This has enabled InselAir to schedule face-to-face meetings to review the progress of its project every month or two.

Aligning project discussions with the regular IATA meetings has allowed the airline to control the costs of the project. Regular conference calls and workshops have supported this strategy throughout the implementation process.

The partners will all be closely involved in expanding the scope of the project to direct channels, payment processing, online travel agents, interline connectivity, and the departure control system

The Lessons Learned

InselAir describes the pilot project as "a great experience." Of particular relevance has been the interaction with IATA. The airline's proximity to the IATA standards process forged some great insights into the work IATA performs on behalf of the industry. In turn, InselAir has given IATA guidance on how smaller airlines operate and this quid pro quo arrangement has ensured that the viewpoints of smaller airlines are considered within the IATA standards.

Equally important are the real, tangible benefits that NDC brings to the airline and the industry. InselAir has proven that NDC gives the airline greater control over its product and the way that product is marketed to its customers, regardless of the sales channel they chose to utilize for InselAir's services.

And ultimately, the indications are that NDC will improve the airline sales and passenger handling experience for all stakeholders—employees, the sales force, travel agency partners and, most importantly, the airline's passengers.

As an example, travel agents connecting to InselAir via NDC will benefit by taking advantage of the NDC dynamically-priced offers as opposed to the static-priced offers available through other channels.

Although the sample sizes are too small at this point to draw any definitive statistical results, the clear potential of a multiple win scenario not only makes InselAir a better company but improves the offering of air transport as a whole.

The Conclusion

The NDC program, and the upcoming One Order initiative, has changed the outlook of the airline from a simple service provider to an all-encompassing experience provider.

The NDC standard permits the bundling or unbundling of the product suite based on an individual passenger's requirements. In essence, this means a one-size-fits-all product has been transformed into a personalized offer at the right time for the right price.