

NDC Case Study

Rotana Jet has NDC at the core of its business strategy

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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 is transforming 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

Rotana Jet

Rotana Jet is the sixth scheduled airline in the United Arab Emirates. It operates passenger services to 11 destinations, with 32 frequencies a week, from Abu Dhabi International Airport using Airbus and Embraer aircraft. By the first quarter 2016, the business plan calls for an expansion to 18 destinations.



It also runs an executive charter service using Gulfstream G450s and an Airbus A319 and has a Technical Operations division providing aircraft maintenance and component support for its fleet.

Rotana Jet distributes and sells its products in two ways; directly through rotanajet.com and call centers and indirectly through travel agents and online travel sites.

Full information can be found at: www.rotanajet.com

Rotana Jet has NDC at the core of its business strategy (1)

The NDC pilot

The basic premise of Rotana Jet is to simplify the purchase of travel products, giving customers a “quick click” experience similar to purchasing on amazon.com and providing one record with all travel elements.

That business model isn't possible using algorithms designed in the pre-Internet era. Rotana Jet needs to react in real time to customer needs and cannot afford to be held hostage to any particular technology for distributing its products.

The XML-based messaging standard used by NDC is an ideal solution and enables the airline to differentiate its products by providing access to rich air content and a more transparent shopping experience.

Rotana Jet's decision to take part in an NDC pilot is therefore a direct result of its business strategy.

That strategy is built on the understanding that an airline's ability to survive and be profitable in a highly competitive market is dependent on its management team thinking outside the norm and differentiating the airline's product in the market.

Ancillary sales provides one way forward. An industry study has shown that airlines with a higher proportion of ancillary sales have better operating margins than airlines with low ancillary sales. The Rotana Jet management team corroborated this by looking outside of aviation at retailers, such as Walmart, Tesco and Alibaba.com. These companies work hard to add value to their customer purchases. They are transparent in their transactions and distribute their entire product range through all channels.

Rotana Jet realized that advances in technology are presenting airlines with the opportunity to do something similar. Through NDC, the airline could sell more products to its customers and offer personalized services, especially value-added and customized services, including hotels, insurance, transfers or even sports and concert tickets.

In turn, this allows customers to tailor their travel experience according to their needs and budget and, importantly, provides Rotana Jet itself with added value, such as the ability to have a fare structure and product offer commensurate with its market positioning.

The Objectives

The distribution team at Rotana Jet first identified the opportunities that the NDC standard would bring and then worked to harmonize those opportunities with the established airline strategy and overall operations.

It decided to use the latest NDC schemas and also acknowledged the need for close coordination with IATA and various other stakeholders.

The impact of using NDC was looked at from a business, technology, and commercial perspective. Particular attention was paid to travel agents; how to overcome possible obstacles to successful NDC implementation from parties within the value chain; and the scope of the first step in the project. Timelines were established in all cases.

Rotana Jet elected for a modular approach that supports the integration of existing systems through multiple sales channels without the need for a complete re-engineering of processes.

Rotana Jet has NDC at the core of its business strategy (2)

The Objectives

Aligning all the ancillaries that Rotana Jet plans to sell through NDC were handled jointly by the Business and IT departments and included in the scope from day one. Additional features such as combining the post-air travel products (hotel, cars, transfers and so forth) were scoped out in the initial stage and will be rolled out in due course.

Indeed, all elements of the process were integrated right from the start of the NDC pilot. These elements include receiving schedules from OAG, fares from ATPCO, ancillary sales through the merchandising engine, and payment through all channels.

In Phase One of the NDC pilot, the airline has been able to deliver merchandise with appropriate pricing and has confirmed that the NDC 15.2 standard supports all point-of-sale channels, from its website to travel agencies.

The non-functional goals of Phase One are to demonstrate the high level of performance and rapid response times demanded by Rotana Jet's customers. To assist with this, the airline is simulating production volumes to prove viability for multi-channel distribution.

The Scope

At the beginning of the project, the airline made sure the stakeholders shared a common understanding of how the success of the project would be determined. But owing to the dynamic nature of the pilot, this didn't necessarily mean adhering to predetermined targets and schedules.

Rather, this was achieved by defining Key Performance Indicators (KPIs). So, exceeding the time defined for a particular activity by two days might mean only minor failure, for example, but exceeding it by ten days was deemed a critical failure, which might carry serious consequences. Similar KPIs were applied to schedule and the quality of output.

The overall project success criteria were divided into mandatory and optional categories, the latter being considered "nice to have".

The Role of Partners

A five-member internal task force from the Business and IT departments selected TPConnects, a travel technology provider, to customize their existing aggregator platform for Rotana Jet.

Supplementing this, the airline adopted an open architecture approach to provide a set of integrated building blocks that cover the latest NDC schemas and enable NDC transactions to be reported to the BSP (Billing and Settlement Plan), revenue accounting systems and departure control systems.

TPConnects has developed a next generation booking solution not only for air travel retailing but also with hotels, rental car, and other activities. The TPConnects travel aggregator system builds on a Java platform to enable travel companies to do comparison shopping with such added features as customer reviews. This booking solution is integrated with revenue management, frequent flyer programs, corporate booking tools, and many other modules.

Customizing the TPConnects solution to Rotana Jet's requirement was straightforward as their project team consisted of experienced professionals with aviation and travel backgrounds.

Rotana Jet has NDC at the core of its business strategy (3)

The Role of Partners

The support of the IATA NDC Regional Implementation Team and the IATA IT Team was also essential in integrating the latest schemas to the TPConnects booking platform.

The teams spent a considerable amount of time in the Rotana Jet office to understand the airline's requirements, the overall business strategy and how NDC could best be incorporated into the existing distribution solution.

Rotana Jet has also been working closely with a couple of travel agencies, including Asian Gulf Travels and provided them with a direct link to enable full NDC compliance during the NDC pilot. This has allowed the airline to get a better understanding of the operational process, including the actual sales generated through the system.

The airline's travel partners will also be able to recognize their customers and provide tailored offerings, servicing them as they would those customers that book directly through rotanajet.com. Furthermore, they will have the flexibility to sell not only Rotana Jet's products and ancillary services, but also the ability to sell event tickets and other travel supplier products, such as hotels and rental cars.

NDC further assists travel consultants in adding value to their customers by enabling comparisons of product and service options offered by Rotana Jet.

The Challenges

Rotana Jet faced challenges both internally and externally. Aligning the company's strategy and getting all parties to agree to the defined timelines were major internal challenges.

It also decided to update to the latest version of the NDC schema, NDC PADIS publication 15.2, which necessitated constant communication and information flow between all parties. Rotana Jet also had to adapt its own processes as it previously distributed products through different channels, making it necessary to re-align the entire distribution process and the means of measuring that.

The Lessons Learned

Generating a company-wide understanding of NDC's capabilities and making it an integral part of an airline's business strategy were among the key takeaways from the pilot.

This determination to make NDC a foundational pillar and to succeed in its implementation was a perfect fit for Rotana Jet because the airline wants to distribute its products through all channels in the same way. Combining the Business and IT departments and bringing in extensive support from all other players in the aviation value chain made this vision a reality.

Perhaps most importantly, for Rotana Jet, moving to an NDC-standard booking solution has proven to be economically sound.

Not only was the move to NDC achieved in a short period of time, keeping costs down, but also it has allowed the airline to generate new revenue streams, to increase customer confidence in its products, and to support its travel partners in generating added income.

Rotana Jet has NDC at the core of its business strategy (4)

The Conclusion

Adapting the NDC standard into its booking solution will enable Rotana Jet to offer more options to customers in real time and to reach them seamlessly across all distribution channels. Eventually, the airline will be able to offer one single reference number with all travel elements, including flights, ancillaries and non-air products.

There are clearly new revenue streams to be had from using NDC and there are cost savings resulting from direct relationships with other stakeholders.

Using the NDC standard will lead to a better-informed shopping environment for travel retail that will deliver value to passengers and create business opportunities for all travel partners. For Rotana Jet, NDC provides added value, greater transparency, and an enhanced shopping experience for all travel buyers. The sought after differentiation in the market has become a reality.