5th World Financial Symposium
17 – 20 September 2018
Madrid Marriott Auditorium Hotel & Conference Center
7th SIS General Meeting

18th September 2018

Madrid Marriott Auditorium Hotel & Conference Center
Breakout Session #4
SIS e-invoicing suppliers and airlines benefits
Break out session

- Share of knowledge
- Interactive so don’t hesitate asking questions
e-Invoicing part of a global financial process

Operational data → Invoice → Acknowledge ment → Dispute → Payment status
Agenda

Suppliers presentations:

Heathrow
daad
Groupe Europe Handling
IATA
Agenda

Airlines presentations

Air Canada

Emirates

KLM Royal Dutch Airlines

United Airlines
Heathrow SIS Migration – SIS Industry Meeting 2018
Update on Presentation to SAI Meeting, Geneva, 2017
Background

- Supporter & beneficiary of IATA e-Invoicing since 2004
- Now, with SIS, in its third generation of the service
- Suppliers using SIS to bill airlines makes good sense; SAI provided a focus to accelerate take-up
  - Makes greater use of a system already used for Interline Settlement
  - Gets more suppliers using a common process
  - Infrastructure is reliable and very well supported
  - Service and processes fully documented and publicised in SIS website
  - Many more airlines can now automate (with integration of Reconciliation & AP systems)
- SIS offers ‘real electronic invoicing’ with a universal invoice style and potential for automation world-wide
- Everyone benefits from use of the shared infrastructure – capital cost avoided & running costs shared
Current Status

- SIS at Heathrow is, by design, at the core of our billing to airlines, fully embedded and completely reliable – no issues to report
- New systems were developed with SIS in mind from the outset
- Billing by value is 81% SIS, 17% email and now only 2% paper
- Airline accounts: 47 on SIS, 37 email, only 2 now getting paper
  - Fourteen airlines fully automated – processing the IS-XML File (compared with five pre-SIS)
  - Cash Flow/Days Sales Outstanding improved due to this
- Heathrow does not mandate its customers to use SIS but works collaboratively with local offices to migrate when they are ready
- Fewer disputes due to better quality billing inherent with SIS data validation
SIS is ‘real’ electronic invoicing’

- ....more than ‘electronic delivery’
- transmission and consumption of a data file....with no printing, scanning nor manual processing
- ......its also better quality invoicing
- Use of IS-XML demands & promotes best quality
- Content all checked/validated including input from the billing engine - so invoices to customers are better quality leading to fewer disputes
- Heathrow quality in SIS praised by key customers
  - Aero charging disputes are now lowest ever – almost none!
  - Greater confidence that there is no ‘under-billing’
- Heathrow has been using IATA e-Invoicing systems since 2004
- Benefits of speed and savings in postage, copy invoices etc (not always mentioned by us as we have being benefitting from them for years!)
E-Invoicing with IS-XML via SIS……ticks all the boxes!

E-Invoicing – Multiple Channel Strategy

- Automated Receipt
  - Limitations: Manual data quality - Level of detail

- Automated Coding
  - Limitations: Supplier number only

- Automated Approval
  - Limitations: Manual data quality - Level of detail

- Scanning

- PDF
  - Limitations: Full header data, but no line item data

- Structured Data
  - Limitations: Supplier data standardization - Level of detail

- IS-XML
  - Running Cost
  - Implementation Effort
  - Data Quality
Electronic invoicing - more than just delivering the invoice

E-invoicing removes most of the invoice handling steps, both for the supplier and customer

Source: Cloudtradenetwork.com
Best Practice

† Best practice is to process the electronic file in IS-XML format automatically ie not printing it out and posting it separately
† Strongly recommend this as best approach & process
† Enables automation & best quality business process for both airline & airport
† Same format for all encourages standardisation and ‘trusted’ source data
† Fastest processing (and lowest cost in the long term);
† Airport is notified immediately of any issues with any invoicing run
Setting Up & Getting Started

- Requires small IT project for file processing
  - This is often the biggest inhibitor to progress as funding may not be available
- System settings are all configurable
  - ‘Location ID’ for each airport - member profile, trading name, VAT - unique identifier
  - ‘Daily Bilateral’ setting - ensures invoices available immediately
- Platform offers full transparency to airline local & head offices and to the airport – no lost invoices
- An airport can assist by offering test files of real data
  - Can also offer parallel running for a period, if needed
- Heathrow was helped greatly by local IATA office in London
  - ‘Drop in’ sessions held at IATA Office
  - SIS was presented and explained jointly by IATA & Heathrow
  - Airlines were encouraged and motivated by this ‘joined-up’ style
First Steps

- Delivery of pdf invoices through SIS can be initiated whilst XML output is being developed
- Can also be used for non-airlines eg handlers or retailers at airport
- Supports a phased migration to full automation and gains experience
- No effort or cost – system settings only
- Activated in days
- Airlines can start with any SIS-enabled airport – same format from all
- Airports can start with any airlines already using SIS – same format!
Lessons from experience

- Good communication with airline local offices
  - Most are not SIS-enabled
  - Without automation may suffer small increases in workload
    - Portray as ‘step towards automation’
- 100% coverage takes time
  - Airlines & airports & in various stages of readiness
  - Activity prompts readiness – ‘first step’ (deliver via SIS)
    - creates momentum & emphasizes the value of automation
- Why should more airlines and airports adopt SIS?
  - The real question is – **why would you not adopt????**
    - ......the industry platform, already in use, proven and reliable; and
    - ......forego tangible benefits of more on-time payments, faster process, fewer queries and lost invoices, savings in mail handling, paper, postage; and
    - ....new features constantly being added eg payment status
Thank You
What does good look like?

E-invoicing removes most of the invoice handling steps, both for the supplier and customer.
What are the benefits?

Demands and promotes better quality

IATA and most airlines support the initiative

One stop shop for delivery of invoices to airlines

Single format to be supported by IT

Fewer disputes – more confidence in airport billing
Why do it?

- Most airlines already use SIS for interline agreements between airlines
  - *Why not between airports and airlines?*
- Better to have one format rather than develop and support multiple EDI’s to airlines
- Once the initial IT project has been completed easy to on-board further airlines
- It facilitates payment terms compliance, particularly for fuel and airport charge invoices
- DSO improvement in airline payments
- If the airline is already a SIS member there are no extra costs!
- Provides a legal summary invoice (backup is included in the detailed IS-XML)
- It achieves legal archiving
- Guarantees getting the invoice to the right person
- It’s much easier and faster to retrieve the invoice from the archive
- Reduces storage costs
- Reduces lost invoices
- Invoices can be received from airports, handlers, fuellers, navigation and airlines
Why do it...more reasons?

- It’s more than an electronic invoice – it is the transmission of data
- It drives quality and accuracy of information being received by the airline
- It enables automatic invoice matching
- It can quickly detect inaccuracies
- It assists speed and accuracy of financial statements
- It supports accrual accuracy

- Addresses airline issues around manual processing, reconciliations and accruals
- SIS facilitates efficiency
- It frees up staff to perform value add activity
- It facilitates profit analysis and improves effective decision making
- It enables new route modelling
Was it worth the effort?

• It takes time!
• It takes money!
• Effort is required to map the IATA charge categories, codes and code types
• It involves a little risk – the airline / airport setups may not be aligned
• It requires testing
• And more testing
So...why did Dublin airport do it?

Reductions in:
- cost, rework, mistakes and errors, improvement in lead time / cycle time

Increases in:
- profitability, productivity, quality, customer satisfaction, capacity, responsiveness, visibility into operations, development of personnel, employee satisfaction, innovation and creativity
Thank you
Any questions?
Key Figures
Company
Our Values
SIS Project
**Key Figures**

**Groupe Europe Handling**

- 24 years of know how
- 130 customers (around 70 in Paris)
- 300,000 turnaround handled yearly
- 17,000,000 passengers
- 22 stations in 8 countries (France, Congo, Ireland, UK, Sierra Leone, Mali, Serbia, USA)
- 3,375 employees
OUR SUBSIDIARIES

- Groupe Europe Handling and subsidiaries
- Sky Partner
- Sky Handling Partner UK
- Congo Handling
- A.S.A.M. (Franchise)
- Sky Handling Partner Sierra Leone
- Sky Handling Partner Boston
- Cobalt Ground Solutions
SOME OF OUR CUSTOMERS
- Quality
- Integrity
- Respect
**PROJECT PHASE**

- Duration of the IT project: 1 month
- Migration Date: February 2018
- Percentage of customer transaction using SIS: 95%
- Support from SIS operation team
CHALLENGES

Airlines Challenge

- Communication local airline office not always aware of the head office project
- Location ID set up

GEH Challenges

- Master data clean up (Aircraft type code…)
- Some on time payment issue due to airline not ready
**Benefits**

Fast delivery of invoices

Traceability

Airlines specific process handle by SIS
Expansion to more countries

Usage of ICH when possible
Questions!

Thank you for your interest
Agenda

Topics:

» Background – Reason for having SIS in the first place
» Expanding the benefits of SIS beyond the airlines
» IATA as a participant on the SIS platform
» Some SIS features that we find really help
Background

Reason for having SIS – problem statement

» Airlines had an interline data exchange standard called IDEC which was used to provide their interline partners details of their billings.

» Annually, over 170 tons of paper were being flown around to support the process.

» IATA Clearing House provided settlement of interline transactions based on amounts submitted directly by participants.

» The issue is that these 3 sources of information rarely reconciled.
Background

Reason for having SIS - Solution

» SIS was created as the e-invoicing platform for the aviation industry.

» Taking existing data exchange standards and expanding them to encompass a level of detail which facilitates automated posting and reconciliation.

» Providing participants structured outputs and reports.

» Seamlessly connecting to settlement platforms and using the e-invoicing data to drive settlement.

» Making reconciliation easier.
Expanding SIS Beyond Airlines

» All airlines are on SIS (not only legacy carriers) making SIS the richest airline community for invoicing.

» Suppliers benefit from a strong IS-XML standard which is continuously improving to fit the industry’s needs.

» The IS-XML standard has been structured in a way to encompass detailed level fields in many charge categories and codes that are relevant to the type of charges being invoiced.
Quiz Time

How many charge category and charge code combinations exist in the IS-XML standard?
IATA as a Participant

» IATA itself is benefiting from using SIS to invoice it’s customers.

» Leveraging the fact that all airlines are on the SIS e-invoicing platform to have robust invoice distribution. “connect once – connect to all”

» Reduction in the number of fraud attempts on our customers as invoicing channel is clear to the customer and is secure.

» Resulting in significant improvement in collection rates.
Features IATA invoicing finds useful

» Processing Dashboard
  » Gives immediate feedback on your invoicing batch processing acceptance in SIS

» System notification
  » Email notification for system validation results and output availability

» Ability to include Supporting documents with invoices
  » Flexibility to share additional information with customers to support an invoice.

» Payment Status Updates.
  » See when a customer has viewed an invoice on the platform
  » Sharing the payment status of invoices with your customers.
Questions?
Air Canada and SIS E-Invoicing

April Callander
Accounts Payable Manager

September 2018
“Listen, I understand that accountants need to have fun, too, but can you take those off until we’re done with this?”
Benefit for Airlines using SIS

Automation

• SIS produces an electronic IS-XML file with invoice data. Once integrated this eliminates paper or emailed invoices that must be data entered into a system

• Auto accounting can be setup using the SIS fields, reducing manual entry and review

• Taking it a step further - adding contract validation into your eInvoicing system. If the invoice matches the contract, no review required! **Key Requirement – invoices must be submitted at a line level detail

• All of this automation means a significant decrease in processing time, allowing Accounts Payable to easily meet payment terms
Avoid this Situation

Suppliers looking for payment

Accounts Payable
Benefit for Suppliers using SIS

• One system to access your biggest customers
  • Companies are constantly approached with requests to use different e-Invoicing systems. It is not manageable to use all the different systems
  • Air Canada’s e-Invoicing provider takes 3-6 months to setup one supplier for EDI. Each supplier is it’s own project
  • With SIS the supplier can access many of their customers with one setup
  • Cost efficient. The SIS solution is more cost effective than Air Canada’s current e-invoicing product
Our Approach

1. Identified targeted suppliers for initial wave
2. Contacted our airports branch
3. Sent email out to airports
   - Listed benefits of the system
   - SAI fact sheet
   - Advised of upcoming information sessions
   - Signed by our VP/Controller
   - Coped in IATA and airport branch
4. IATA responded to any questions the airports came back with
5. Invitation sent to information session with 2 dates available
6. Follow up if invite was not accepted
7. Information sessions hosted by IATA
Feedback and Results

• Most of the airports responded to initial emails
• Lots of questions about the pricing structure – development and ongoing
• Good attendance to the information sessions

• **Reasons using SIS immediately**
  • Cost – not seeing enough direct benefit to their business without other airlines making the same request
  • Resources – Vancouver International was interested but did not currently have the resources to allocate to the project.
  • Want something in exchange – Montreal Trudeau is requesting more data from Air Canada and will use IATA e-Invoicing if AC provides this data
Airline Responsibility

• All airlines should be reaching out to airports in their respective countries to benefit the industry

• The more airlines pushing this initiative will help airports and airline specific suppliers realize the value

• If you are approaching a supplier Air Canada does business with, let us know. We will follow up with the same request to that supplier.
Thank you
Merci
Gracias
Supplier to Airline e-Invoicing (SAI)

World Financial Symposium
September 2018
United Airlines and SAI Initiative Success

- United has had great success with our suppliers who choose to use SIS
  - This has created greater efficiency systemwide but especially in our international finance offices
  - Suppliers using SIS can efficiently submit invoices quickly and easily
    - This has increased the speed and quality of financial reporting and analysis, enabling better decision making
    - Standardized invoice formats decrease the time spent by our colleagues processing invoices
    - Internal transitioning of a supplier from traditional invoicing to SIS requires minimal cost and effort
What are the benefits of SIS?

**Consistent Data**
- Standardized data formats makes reviewing and reconciliation faster
  - Full data validation decreases errors and loss
  - Accurate and consistent invoices and support speed up processing
    - The use of standardized financial data enables future process transformation with minimal internal changes

**Centralized Process**
- One common platform means that any user system wide can access data on demand
  - Internal audit request as well as requests for information from suppliers and other parties is significantly faster to provide
    - Invoices and support are stored and easily accessed at anytime
    - Support from IATA is always available should any questions or concerns arise

**Efficiency**
- By using SIS services we can quickly send and receive invoices in days rather then weeks through one platform
  - SIS enables United to automate and integrate with our ERP systems
    - Allows for automated posting & reconciliation
    - Faster processing = faster payments

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Supplier to Airline e-Invoicing (SAI)
Future SIS Functionality – SIS Bilateral Billing

- SIS platform continues to improve and become more efficient each year
  - Current SIS Bilateral invoicing functionality is a significant improvement compared to traditional direct billing but can be even better
  - In the near future we hope to see SIS Bilateral combined with the current clearing house process
    - Increase organizational efficiency with an existing payment method
    - Faster payment and dispute resolution using existing processes and guidelines
    - Additional invoicing options for suppliers and airlines
    - Added protection in the event of a payment default and/or bankruptcy
Thank you for your time!
SIS looking ahead – way forward........
Challenges - Invoice process

- **Manual Invoices**
  I. 80% paper invoices
  II. Manual Verification
  III. 5K emails per month

- **Invoice Issues**
  I. Quality of PDF
  II. Typo Errors

- **Reconciliation**
  I. Email exchange
  II. Manual working
  III. Detail level discrepancies.

- CSV Converter
- To print or Not
- Review & Highlight
- Delay in payment
- Time consuming
- No audit trail
What’s in it for the Airline

- Standardised format of invoicing
- Dispute management
- Seamless process
- Multiple processes
- Herculean task to complete OTP
What’s in it for the Vendor

- One stop shop for invoicing all SIS members.
- Dispute management
- EPD negotiations
- Improve quality billing
- Improve cash flow
- Best Practices
Future the way forward

- Automation today v/s our vision
- Data quality
- Tolerance on exceptions
- Auto Invoice status
**DOC Pilot - Target Situation**

<table>
<thead>
<tr>
<th>Automated Receipt “Paperless Invoice”</th>
<th>Financial booking automation</th>
<th>Business intelligence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; storage</td>
<td>&gt; usage of header info</td>
<td>&gt; improved route profitability and new route simulations</td>
</tr>
<tr>
<td>&gt; reduce lost invoices</td>
<td>&gt; auto data entry</td>
<td>&gt; global procurement</td>
</tr>
<tr>
<td>&gt; reduce disputes</td>
<td>&gt; data quality</td>
<td>&gt; improved management decision</td>
</tr>
<tr>
<td>&gt; workflow</td>
<td>&gt; workflow and routing</td>
<td></td>
</tr>
<tr>
<td>&gt; legal archiving</td>
<td>&gt; reduced late payment penalties</td>
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</tbody>
</table>

- **Accruals accuracy**
e-Invoicing part of a global financial process

Operational data → Invoice → Acknowledge ment → Dispute → Payment status
Thank you!