



Dear Colleagues,

I am pleased to report that we are making progress on the two major initiatives that fall within IDFS: 'Simplifying the Business', where soon we will be able to announce the appointment of a top-level Project Team; and ISS Transformation Phase 2, where we are looking to see how we can accelerate the restructuring across all other regions. Meanwhile, we have had a number of important industry meetings in recent weeks and you will find highlights of these in this newsletter.

**Tom Murphy**  
Senior Vice President, IDFS

## FOCUS ON ISS TRANSFORMATION PHASE 2 (T2)

### Outsourcing Customer Services

EDS, selected following a Request for Proposal (RFP) process to provide the 2<sup>nd</sup> level solution for the new Customer Services model, have established Contact Centres in Bari, Italy and in Budapest, Hungary. All calls and emails coming into the Customer Services departments of IDFS offices across Europe will eventually be redirected to these two contact centres.

As a preliminary step in the process, we have implemented 'call screening' in a few test markets in Europe (Nordic & Baltic and Ireland), to be followed by Hungary, Belgium/Luxembourg, Italy and Netherlands in the coming weeks. The objective of this exercise is to start populating the Salesforce database (a CRM application) with customer information, validate the type of queries coming into the local office, and assess the average time required to deal with an enquiry.

Full implementation of the 3-level service concept is scheduled to start in early 2005, and the individual country cut-over schedule for the rest of Europe forms part of the current contract negotiations being conducted with EDS. Once all countries are migrated and all the new systems are in place, it is estimated that 90% of all incoming enquiries will be dealt with to finality at the 1<sup>st</sup> (self-help web portal) and 2<sup>nd</sup> levels (Contact Centres). The 3<sup>rd</sup> level service will be handled centrally by the Regional Office Customer Service team or the Field Office if local language/knowledge is required.

### AIMS→IGNITE Project

This initiative deals with the replacement of the legacy AIMS accreditation system with a global, web-based application and code assignment tool for the industry. The AIMS→IGNITE project is a key element of ISS T2 within the ASO re-organisation project. The proposed IGNITE solution is a single application that will interact via a web-services framework, enabling interconnectivity of entities and organisations dispersed throughout the world.

ISS T2

SIMPLIFYING  
THE BUSINESS

GCC

CARGO  
COMMITTEE

CPG

CARGO NEWS IN  
BRIEF

ICCS

2004 MID-YEAR  
RFB SURVEY

EURO  
ENLARGEMENT

REVENUE  
ACCOUNTING/38

NEW  
APPOINTMENTS

CEO BRIEF

With the integration of IATAN into the IATA IDFS organisation, IATAN's business needs are also being accommodated within the IGNITE application, providing a total solution for the global assignment of IATA Numeric Codes, and management of the related processes and businesses.

Following an assessment of IATAN's 'Webstar' application, it has been decided to move forward using this as the base for the future global accreditation system. The new platform will be used for both passenger and cargo agent accreditation and include IATAN and CNS agent/agency information.

The AIMS→IGNITE project team is now conducting a thorough data collection exercise to develop the detailed requirements specification for the new system. Five Business Analysts have recently been appointed in YMQ and GVA to gather and document this data. The aim is to review the 'to be' business processes established during the early phase of the project to ensure these are still valid.

Once this exercise is complete, we will be able to proceed to an RFP to select a vendor for developing the system. New system pilot implementations are planned for October next year, with deployment worldwide by the end of 2005. At an appropriate time, Customer Focus groups of Agents and Airlines will be formed to provide input into the system development.

## **T2 Best Practices**

During the 1<sup>st</sup> phase of the ISS Transformation, a number of Best Practices were identified and successfully implemented across IDFS. These best practices were either proven to bring cost savings - to IATA or as value-add to the airlines - or simplify processes. We have now identified further examples of good practice that we need to implement across Europe to ensure that T2 delivers the expected cost savings and simplifications:

1. Central Billing (DPC Core Processing & Additional Services)
2. Centralise invoicing for BSPLink
3. Centralise Storage & Distribution
4. Centralise Advertising Revenues
5. Centralise ATB Wallets
6. Implement Auto-Replenishment
7. Outsource Payroll
8. Outsource Agency Inspection
9. Outsource Financial Reviews (German model)
10. Settlement on Reported Sales
11. Real-time online banking information via Web (e-banking)
12. Direct Debit for Agent Remittance or EFT with Agent ID on Remittance Slip
13. Remittance/Settlement with Same Value Date
14. Collection of Agency Charges via ADM

There are several reasons why this exercise is critical to the success of T2:

- It will enable us to have a common platform in the local market when the various support systems are integrated, and will avoid too many local "specials" which are costly.
- Our customers expect a consistent service from us - when they get settlement on the remittance date in one market, they expect to receive this in all markets.
- Even if some of the changes may mean a cost, the value added (tangible, e.g. EUR, or intangible) to the end customer must be taken into the equation.
- By introducing a three level service concept, we expect to deliver state-of-the-art Customer Service. The more different systems (DPCs and software) and procedures we have in place, the more complex and costly it will be to give high-quality answers to our customers.

- A number of existing procedures result in too many people working on manual tasks – and this is costly!

We have set ourselves the challenging deadline to implement all 14 Best Practices in every BSP office in Europe by end 2004. This will be a collaborative effort between the Field Offices and the Regional Office team. We also look to our customers for support in helping to drive these forward in the local market.

*A detailed report on the ISS Transformation Phase 2 Project is published every quarter and circulated to airline contacts at both head office and local level. The next edition will be published end-October. Contact [mekkaouij@iata.org](mailto:mekkaouij@iata.org) to be added to the mailing list.*

## **FOCUS ON PASSENGER**

### **Simplifying the Business**

At the 2004 AGM there was overwhelming industry support for an IATA-led initiative to "Simplify the Business". This initiative involves the launch of four projects aimed at reducing airline costs by adopting systems and services which have demonstrated benefit to IATA Member airlines as well as the low-cost airline industry.

The four projects address the following:

1. Elimination of paper tickets by the end of 2007
2. Promotion and implementation of Radio Frequency Identification for checked baggage
3. Promotion and implementation of Common Use Self Service (CUSS)
4. Promotion of the use of bar coded boarding passes and other documents

IATA is in the process of recruiting a Project Director to oversee this initiative as well as three Project Managers to assist in the above-mentioned activities. In addition, the IATA Change Leadership Programme (ICL) has incorporated these activities into the projects the ICL teams will be addressing. The combination of these resources with the subject matter expertise that we have in the IDFS Passenger Department will ensure we meet the Simplifying the Business commitments we have made to our Members.

As an initial step, we have distributed surveys to our Members to understand their needs and capabilities for each of the activities. From this we will identify where IATA will focus its efforts to achieve the challenges set by the AGM.

For more information on this initiative or the Simplifying the Business Conference being held at IATA Geneva on 16-18 November, contact Michael Feldman or visit our website at [www.iata.org/simplibiz](http://www.iata.org/simplibiz).

### **Global Consultative Committee (GCC)**

The 13<sup>th</sup> meeting of the IATA Global Consultative Committee was held on 15 September. The GCC is a joint airline/travel agent dialogue group that meets regularly to discuss subjects related to the IATA Passenger Agency Programme.

The agenda for this meeting was large and addressed issues ranging from agents showing their "service fees" on the airline ticket to the issuance of Agency Debit Memos and the problems this is causing for the agency community. In addition, a significant amount of time was spent discussing how the "Simplifying the Business" initiative can be a catalyst for a review and possible revision of the IATA Passenger Agency Programme.

It was agreed by the airlines and agents present that a small working group should review the current Programme and make recommendations to simplify the procedures surrounding the formal Principal/Agent relationship as governed by the Passenger Sales Agency Agreement (PSAA) and under the responsibility of the Passenger Agency

Conference. In addition, it was agreed that the working group should review the emerging "Buyer/Seller" relationship that is becoming more common in many market places and which is not part of the current PSAA nor is it covered by the Passenger Agency Conference. Recommendations coming from this group will have to be agreed by the Passenger Agency Conference.

## **FOCUS ON CARGO**

### **Cargo Committee**

The 22<sup>nd</sup> meeting of IATA's Cargo Committee was held in Bilbao on the 14 September, a venue specially selected to enable delegates to also participate in The International Air Cargo Association (TIACA) Air Cargo Forum, which followed afterwards.

Key topics for discussion by the Committee were security and process simplification. On the security front there was concern that much of the US Customs & Border Protection (CBP's) advance manifesting programme was still being left to local interpretation at the port of entry which was creating confusion between airlines and forwarders over the correct way of reporting data. This in turn led to the question of liability. There is no doubt that the CBP only recognizes the airline when it comes to both the provision and accuracy of data provided. This leaves airlines exposed where they rely on Forwarders for the provision of data, or the Forwarders submit directly into the system. It was noted that penalty costs could extend far beyond the proposed fines set out by the CBP if aircraft were impounded, or denied entry to the US. The Committee agreed to develop a white paper on these issues, which could be used to establish a more logical and equitable security programme that encompasses the full logistics chain and all partners.

In considering process simplification the Committee felt that whilst there were a number of automation initiatives that addressed various parts of the cargo process there was no over-arching initiative that would bring all of these individual initiatives into an aligned process. It was therefore agreed to evaluate the feasibility of creating a "Cargo Paperless Environment" which would seek to align systems and processes from booking to settlement. The project would take into account the work already undertaken by booking engines such as GFX, CPS and EasyCargo, quality improvement through Cargo 2000, IATA's Paperless AWB Project, and E-settlement processes. A proposal is expected to be tabled at the next Board of Governors' meeting in December.

Finally, it was agreed to hold the 23<sup>rd</sup> meeting of the Committee in Lisbon during March 2005, whilst the 25<sup>th</sup> meeting will be held in Shanghai in association with Airfreight Asia.

### **CASS Policy Group (CPG)**

The 9<sup>th</sup> CASS Policy Group met in Bilbao Spain, 13-14 September. Several key issues were addressed including CASS expansion plans. The meeting endorsed the feasibility studies undertaken for two new CASS operations, Malta and Cyprus, as well as agreeing to take forward regional extension plans for Central America. The CPG reinforced the industry priorities of Hong Kong and India in addition to accelerating the finalisation for CASS Thailand.

The CPG was advised that CASS central and regional support teams will be enhanced with the appointments of the vacant Area Directors for Cargo expected to be announced shortly. Additionally the appointments of new CASS Managers for Canada, Egypt and Saudi Arabia have been confirmed. With these appointments, CASS Egypt and CASS Saudi Arabia are expected to launch live operations during Q1 2005, with testing commencing Q4 2004.

An update was provided regarding the CASS Global Data processing system, CASSlink. The CPG reconfirmed its support for the global standardisation approach whilst ensuring that local services based on current service provisions are maintained.

Statistical and financial performance indicators and data were reviewed. Since the inception of the new European Air Cargo Program in May 2004, the CASS Settlement integrity figures have been maintained at the historically successful levels.

### **Cargo News in Brief.....**

- Cargo Agent's Handbooks go paperless – effective October 2004, all IATA handbooks will be made available to customers in CD-ROM format. Resolutions pertaining to Europe will be available from the European Air Cargo Programme (EACP) Handbook CD ROM, while all other handbooks will be bundled into the Regional Cargo Agent's Handbook Library CD ROM.
- IATA Live Animals & Perishables Board (LAPB) assisted carriers involved in the shipment of laboratory animals with the introduction of a new container regulation (cr84).
- IATA Dangerous Goods Regulations 2005 now available (visit <http://www.iata.org/ps/publications/9065.htm> for more details of what is included in this new edition).

### **FOCUS ON INDUSTRY FINANCIAL SERVICES**

#### **IATA Currency Clearance Service (ICCS)**

Singapore Airlines, Ethiopian Airlines, Emirates Airlines, Iberia, Donbassaero Airlines and Air Madrid have recently joined the ever-growing ICCS Membership, which is now very close to breaking through the 100 Member threshold. To further assist its Members in simplifying their treasury operations, ICCS has also continued to expand its worldwide coverage, having recently been implemented in BSP Bulgaria, BSP Israel, CASS Chile and CASS Panama.

The annual IATA Industry Currency Services Conference & Meeting is being held on 11-12 October 2004 in Vancouver and will attract many ICCS Members as well as prospects to an event that has become *the* airline industry treasury conference. For further information on this conference or ICCS in general, visit our web site at: [www.iata.org/iccs](http://www.iata.org/iccs).

#### **Industry Coordination - 2004 Mid-year RFB Survey Now Available**

The Remittance of Foreign Balances (RFB) Survey details all the overseas sales funds that Member airlines have been unable to repatriate from different countries around the world i.e. their "blocked funds". The Survey is used by the IATA Currency Panel (ICP) to direct its lobbying activities and by the airlines as a risk management tool, as it identifies potential problems before they happen.

The 2004 mid-year edition of the Survey indicated that the reported total industry amount outstanding was USD 155.0 million as at 30 June 2004. This is a decrease of USD 26.1 million over the 2003 year-end figure of USD 181.1 million and a decrease of USD 56.6 million over the 2003 mid-year figure of USD 211.6.

The Survey is available on a subscription basis to IATA Member airlines only. Copies may be obtained from Simon Ralph ([ralphs@iata.org](mailto:ralphs@iata.org)), Manager Currency Services.

#### **Preparing for Euro Enlargement**

On 1 May 2004, the European Union (EU) welcomed Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic and Slovenia as new members. As such, these same states have set individual target dates for adopting the euro between 2007 and 2010.

Following a request from the IATA Financial Committee, IDFS' Currency Services team has taken responsibility for ensuring that all the industry's systems are prepared for EMU

enlargement. The team has identified all of the systems that will need to be made ready and is in the process of identifying interdependencies between different IATA functions and divisions, and defining action items and timelines.

More information is available from Simon Ralph ([ralphs@iata.org](mailto:ralphs@iata.org)), Manager Currency Services.

### **Revenue Accounting Meeting in Kuala Lumpur**

The 38<sup>th</sup> Revenue Accounting Meeting held in Kuala Lumpur on 7-9 September drew an attendance of 75 airlines, 164 delegates and 18 system vendors, of which 11 are Partnership Programme members in the Revenue Accounting arena. The meeting spanned three full days, and dealt with a substantial agenda that had a record 43 Passenger items alone. As at previous meetings, a morning of breakout sessions was held, allowing delegates to split into smaller groups to discuss specific topics on New Fare Calculation Rules, AIA/First & Final Billing, Electronic Ticketing and Time Limits/Revenue Accounting Tax Database.

An election for the Revenue Accounting Panel (RACP), composed of 10 airlines, was held and the following carriers will now serve as Panel Members for the next two years: Air New Zealand (Chairman), Swiss International (Vice), Air France, British Airways, Delta Airlines, Japan Airlines, Korean Airlines, Lufthansa, Northwest Airlines, United Airlines.

### **NEW APPOINTMENTS**

- IDFS Regional Director, The Americas - Humberto Rivero
- Director, Industry Clearing Services - Nick Coote
- Assistant Director, Passenger Distribution Services - John Mason
- Assistant Director, Supply Chain Management - Dominique Brun
- Country Manager, Egypt - Mohammed Fouad El Sokkary
- CASS Manager, Saudi Arabia - Khalid Badawi
- Manager, Passenger Distribution Services - Stefan Grech
- Manager, Airport and Inflight Services - Benoit Pilon
- Manager, Airport Services - Chris Miles
- Manager, Passenger Services (specializing in ET) - Yngvar Sundsfjord
- Manager, ISS Banking Services - Bernard Chatton
- Manager, Clearing House Membership Services - Bernice MacNeill
- Manager, Systems and Training - Vicky Tarakjian
- Business Development Manager, Regional Office, Middle East - Omar Muwaqqat
- Account Manager, ICCS - Amy Christopher
- Assistant Passenger Services (working for Michael Feldman) - Cassandra Robbins

### **CEO BRIEF**

A copy of the latest CEO Brief from IATA's Director General and CEO, Giovanni Bisignani, can be found on our web site at <http://www.iata.org/pressroom/briefs/index>.