

ePayment – an airline view

The next distribution nightmare?

An observation by Frank Socha

Thoughts of an airline CEO

- Airline distribution is taking new peaks
- A new generation of PSS emerges
- Multi-channel distribution is key!
- But, every channel at the lowest possible cost!
- I guess I have tackled all major cost centers in distribution, haven't I?



Cost of distribution

- GDS fees
- Other channel fees
- Commission
- Data distribution fees and charges
- Development costs and investments for new IT applications
- And...



A cost breakdown...

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ATH XX      C  C 08OCT      CRT      30
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EUR 1777.00      08OCT07DUS XX ATH1214.36XX DUS1214.36NUC
                2428.72END ROE0.731661

EUR 13.77RA      XT EUR 12.00GR EUR 11.86WP EUR 4.11WQ
EUR 3.99DE
EUR 27.97XT

EUR 1822.73
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- ➔ **GDS costs: 2 flight segments – 7-12€**
- ➔ **Credit card: 2% of the grand total – 36.45€**
- ➔ **Credit card is reaching GDS fee levels and eventually exceeding them!!**

Today's Distribution-Reality II

- Different distribution channels require different invoicing
 - Simple credit card payment
 - Debit card
 - Invoice
- Different reporting schemes based on distribution channel
 - The money flow is out of hands
 - Complicated accounting if I want to control every channel
- Can BSP handle all different channels equally?
 - No!
- Does my money come in at the time I need it?
 - No!

Does IT matter?



- All sorts of new providers offer new generation Payment solutions
- What are these new Payment solutions?
- Will they improve business processes like fraud prevention?
- Is the BSP process secured?
- Can I do without BSP?
- Will my airline credibility be maintained with new gen Payment solutions as if I utilize the legacy credit cards?
- Where does the cost cutting kick in?
- Can new solutions simplify payment processes?
- Does new gen ePayment support all my distribution channels?

And our passengers...



Will they be happy?