



# Keep it simple

➤ **PHILIPPE BRUYERE, DIRECTOR OF THE INTERNATIONAL AIR TRANSPORT ASSOCIATION'S SIMPLIFYING THE BUSINESS (STB) PROGRAMME TELLS BARRY MANSFIELD HOW STB HAS TRANSFORMED THE INDUSTRY.**

## KEY FACTS

- The recently approved StB programme has the potential to save the industry up to \$14 billion annually.
- ET (electronic ticketing) has created savings of \$1 billion a year.
- On 1 June 2008, the industry moved to 100% electronic ticketing.

In 2004, the IATA Board of Governors prepared its Simplifying the Business (StB) programme as a response to mounting losses, high oil prices and low-cost competition. Its stated goal was to provide an improved service to passengers and lower costs for the airline industry.

**Barry Mansfield: What was the main driver behind StB? Were cost savings your only goal?**

**Phillip Bruyere:** Cost savings were obviously a key driver behind StB. But the savings aspect was only one of two main goals of the programme. In 2004 there was a severe financial crisis in the industry, with the longer-term impact of the 9/11 terrorist attacks. But there was also intensifying local competition from low-cost carriers, and the board of governors at IATA's AGM were reminded that they could not continue the same way as they had in the past.

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The programme has the potential to save the industry up to \$14 billion annually. But, what is equally important, is how StB helps improve passenger and client services. In the end, our vision is to make the supply chain more efficient and more competitive.

**BM: What are your main achievements so far?**

**PB:** I think we have already succeeded in our basic goal to simplify the business. It has whet the appetite of the industry to invest in these new ways of doing business, because of the financial challenges that the industry continues to face. We met our targets for 2008. The board of governors is determined to drive through all of the initiatives.

Our solution is not only to reduce costs, but also to increase the customer loyalty, as well as widening the customer base.

**BM: And electronic ticketing (ET) has been a prominent success?**

**PB:** Yes, electronic ticketing was a great success, with savings of \$3 billion every year. When we kicked off the project, ET had been running in the industry for around ten years. United Airlines was the first airline to issue electronic tickets, back in 1994. But by 2004 the adoption rate was hovering at between 16% and 20%, so the case for change was clear. The industry was missing out on an opportunity to save \$3 billion a year. Aside from the substantial cost savings, electronic tickets are also more convenient for passengers – they no longer have to worry about losing tickets and changes to itineraries can be made more easily.

In June 2004, IATA set an industry target of 100% ET in four years. At the time, many believed this was an unrealistic goal. Evolving standards, uncertainty about the return on investment and skepticism about the customer acceptance of paper in parts of the world were some of the reasons why e-ticketing hadn't taken off. But now here we are, four years later, the paper ticket is a thing of the past.

On 1 June 2008, the industry moved to 100% electronic ticketing. Together, IATA and airlines, travel agents, airports, system providers, and



**PHILLIPE BRUYERE**

➤ Philippe Bruyere, director of the International Air Transport Association's Simplifying the Business (StB) programme.

## 'The benefits are now being realised of the baggage improvement programme (BIP), in force at nine airlines, in nine airports.'

global distribution systems (GDSs) have moved an entire industry from the paper age into the full electronic era. Armed with a mandate from the IATA Board, StB was able to mobilise the industry.

### BM: Are you set to complete all projects by 2010?

**PB:** You have to view StB as an approach. Within this programme, we have a series of projects. Each project had its own starting date and deadline, and a specific business case. The ET deadline was May 2008. Another project, barcoded boarding passes (BCBP), has a deadline for 100% BCBP by the end of 2010.

Another project with a 2010 deadline is e-freight. The objective was to add e-freight to 14 locations by the end of 2008, and we beat that by delivering eight live locations. The number of locations tripled in the space of just one year. Our 2009 goals for e-freight include expanding to five new locations, 14 new airports and three more documents.

Another StB programme, the baggage improvement programme (BIP), is in force at nine airlines, in nine airports. The benefits are now being realised. Our objective was to roll out the programme in the top 200 airports, covering 85% of the bags transported. The deadline for this is 2012. Baggage mishandlings cost the industry \$3.8 billion annually. It also affects 42 million passengers every year and, according to our latest corporate air travel survey, baggage is the second greatest concern among first and business-class passengers when travelling. Although the aviation industry has a 98% success rate, baggage mishandling is increasing due to tighter security regulations and more congestion at airports.

At the June 2007 AGM, IATA was asked by its board of governors to drive two new projects to keep bringing improved customer service to passengers and reduced costs to industry stakeholders within the framework of the Simplifying the Business programme. The two new projects are BIP, and the other 'fast travel'.

The baggage improvement programme (BIP) provides the industry with solutions that address all causes of baggage mishandling. There will be an industry-wide roll-out in 2009. And this year, we are also looking at complete diagnosis visits to 20 of the top 80 mishandling airports.

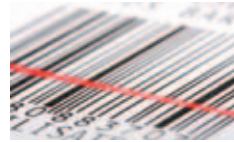
Before BIP, we had closed an RFID project. Because the value of RFID is subject to the individual

### BARCODED BOARDING PASSES (BCBP)

Barcoded boarding passes (BCBP) use IATA industry standard 2D barcodes that enable their use on interline journeys and take advantage of the efficiencies offered by the industry's conversion to 100% electronic ticketing. Targets include:

- 60% BCBP capability by the end of 2009
- 100% BCBP capability by the end of 2010

Barcoded boarding passes enable fast, convenient check-in by enabling the passenger to print the boarding pass on a home printer, download it to a mobile device and/or check-in using a common-use self-service kiosk and proceed directly to the gate.



merits of each business case, we established that there was no mandate for the universal adoption of RFID from IATA. However, IATA recognises the significant benefits of RFID and IATA's passenger services division now coordinates IATA's RFID work. Over the course of the StB RFID project, IATA conducted many trials and accumulated a great deal of information on the use of RFID that's now been made available on the IATA website. ►



**IATA E-FREIGHT**

The IATA e-freight project aims to take the paper out of air cargo. Facilitated by IATA, the project is an industry-wide initiative involving carriers, freight forwarders, ground handlers, shippers and customs authorities.

Each air cargo shipment carries with it as many as 30 paper documents – enough to fill 80 Boeing 747 freighters every year. IATA e-freight will replace 13 of these documents with electronic messages. Key benefits include:



- **Lower costs** – industry savings of \$4.9 billion annually
- **Faster service** – a reduced cycle time of an average of 24 hours
- **Reliability and accuracy** – one-time electronic data entry at point of origin
- **Better visibility** – electronic documentation allows online track-and-trace functionality

**BM: What else is on the horizon?**

**PB:** Fast travel is a programme designed to provide a full service to passengers through a range of self-service options. There is no deadline. It's been shown that customer demand for self-

service options keeps evolving as the technology progresses. Also, airlines need to reduce their cost of operations while improving service to passengers.

We want to deliver a set of solutions that enable the passenger to manage all appropriate aspects of the departure and arrival processes. Our plan for 2008 was to launch a set of projects to meet the vision, to create the standards and processes to support fast travel, and conduct two pilots in each of its five areas.

Priorities for fast travel for 2009 should see ten airlines offering 'bags ready-to-go' (two shared environment

locations), self-boarding (one with international passenger identity checks), and self-service bag recovery (two shared environments). We are also aiming for 75 common-use self-service (CUSS) sites to offer document scanning. ○

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