

OPERATIONAL FLOW - IMPACT ON REVENUE

Introduction.

It is traditionally known in the Airline Industry, that as far as the Operational sections are concerned, the most gratifying aspect of their business is to have the aircraft filled up to its maximum capacity.

Although the space can be controlled via sophisticated procedures in order to bring maximum profit, often the final decision of what it is going to be loaded rests with the Traffic and Warehouse staff.

This is normal and acceptable since only the Operational staff has the possibility, having assembled the load for a particular flight, to assess the real situation in terms of available space and at this point it may be too late for Revenue to play any part in the final process. So the aircraft is often filled up with disregard to possible and potential revenue.

This is very much the case where flights are handled by a third party and where pre-determined procedures and liaison with Reservation and Accounting are poor.

One way of controlling this process is to be as specific as possible with data creation while issuing or capturing shipment details and, where possible, let the System perform the upturn validations that decide what is to be monitored and controlled.

Almost every shipment field has an impact on Revenue and this is where procedures should be put in place to ensure the correct data is inserted and incompatibilities dealt with as soon as possible.

OPERATIONAL FIELDS.

Two types of commercial Export shipments are normally accepted by an Airline and these are Host Carrier shipments and Handled Carrier shipments. A third type of acceptance derives from Transfer from other Airlines.

The level of control can be maximum for an Host Carrier shipment, minimum for an Handled Carrier shipment and informative for a Transfer.

Transfer from Other Airlines of non-Host AWB.

If the Transfer shipment is to fly and terminate on a Host Airline route the only suggested control would be that of either performing a check of the proportioned revenue (simulated proration) and flag this to the record or send the shipment through Yield control.

If the proportioned revenue or the yield value are minimal and the Airline decision is to always accept a transfer, then the record should be sent to Reservation for further assessment and final decision.

Transfer to Other Airlines of Host AWB.

The choice of picking any Airline for transferring AWB should not be deliberate but must be dictated by decision supporting tools.

One control is transparent to the User, where the data base relating to Indirect Enroument and Transfer is in place thus creating an automatic Transfer segment for a specific Airline.

If this data base is not in place then the simulated proration function should be accessed, quoting all possible transfer Airlines, to see which one charges the lowest proportion.

Acceptance of Handled Airline AWB.

The Host Airline may perform minimum or maximum revenue control on Handled Airline AWB. The level of control depends very much on the handling contract between the two parties which could be minimal if the Handling Carrier is to satisfy the issuance of a Manifest only, or it could be high if FWB and Sales reports are to be generated. If the level is high then the same controls made for an Host Airline AWB apply to a Handled Airline AWB.

Acceptance of Host Airline AWB.

Ideally all Host Airline AWB should be booked as this would provide a better Customer service and a pre-assessed value which is then compared with the shipment acceptance data.

Nevertheless with or without reservation data the following fields, entered at acceptance, have an impact on Revenue and the User should be aware what the data is for and why the data needs to be as specific as possible:

1 - The AWB prefix and Number.

This data indicates:

- if the AWB is Host or not Host.
- if it is part of AWB stock control.
- if it is to be prorated.
- if it is accepted by the Host or Handled Carrier.
- if it is to be downloaded for peripheral Billing.
- if the AWB is an issuance or a capture.
- if the AWB is to be part of the AWB issuance list.

2 - The routing.

This data indicates and builds:

- if AWB is wholly or partially moving on Host Airline itinerary.
- if Host or Interline proration applies.
- a basic element for Autorating and Pricing.
- if charges collect applies at final destination.
- the origin and destination appropriate Currencies.

3 - The Shipper and Consignee or Third party.

This data is necessary to identify:

- who pays the charges.
- if a credit exist.
- if an Invoice is to be issued.

4 - The issuing Agent field

This data is necessary to identify:

- if the Agent is to receive private rates.
- if the AWB will be an Agency or Agent sales report.

5 - The charge code, Special Charge indicator and Execution date.

This data is necessary to identify:

- where and how the charges are being paid.
- if the AWB is non revenue.
- how autorating and pricing applies.

6 - The quantity field.

This is the most important field as quantity means revenue and generally volume is hardly a consideration. The data in this field identifies:

- if the AWB is to be autorated and autopriced.
- if gross or chargeable weight apply.
- what the relevant class rate is.

7 - The charges field.

This data is only required if the AWB is manually rated and priced and will identify:

- the weight charges.
- the breakdown of origin charges.

The different controls that an Airline would put in place to ensure that the revenue factor plays its fundamental part are as follows;

- For Export Issued AWB where Autorate is used, ensure the usage of the Cubic meters or Cubic feet value rather than rely on the Class code/density parameters.
- For Export Issued AWB, manually rated, ensure the usage of the CM/CF values rather than CL values and send AWB through Rate acceptance.
- For Export Captured AWB ensure the usage of the CM/CF values and send AWB through Rate acceptance.
- Have all discrepancies immediately rejected to an authoritative section such as CRA where remedy can be promptly taken.

As far as Import is concerned two types of control will need to be implemented, particularly if it is the Host Airline responsibility to collect the charges.

- Following data capture send AWB through Rate acceptance and if volume of shipment looks suspicious try the 6 field with a CM or CF value and then send through rate acceptance.
- The delivery flow of the AWB must go through the correct channels such as Credit/Cash, Invoicing and Delivery note in this order. This will ensure that goods are not released if they have not been accounted.

Summary.

For a complete revenue control during the operational cycle the Airline needs to activate the following data base.

- Published rates - To print or to capture the official AWB document.
- Private rates - To store the values for Billing purposes.
- Simulation proration - To control transfer to/from OAL.
- Automatic rating and pricing.
- Currency conversion table.
- Indirect enroutment.
- Automatic calculation of chargeable weight from CM/CF value.
- Export and Import Cash management control.
- Rate acceptance facility.
- Full Import control and process facility.

APPLICATIONS TEST SWITCH PROGRAM TABLE - APTST

- IMP - . IMPORT CONTROL AND PROCESSING

This switch to the Cargo System programs, allows an Airline to control and process their Import Cargo via a number of selected functions.

These functions are integrated with each others and support each others from the Arrival of the shipment to its final Delivery and Transfer. All through the process the AWBs are controlled for Cash or Credit and are prepared for final Auditing and Accounting. The procedures are the following:

- Control of Import Arrival AWBs via Customer Profile.

A - Private Delivery.

The Customer profile indicates if the Consignee is associated to a Broker or if he makes his own clearance and pick-up. If the file does not exist this is a good opportunity for the Airline to offer their Brokerage and Cartage service with a view of making this new Customer a permanent member of this service.

B - Broker Delivery using selected Codes. (In progress). (Available via IMP APTST).

The Customer profile indicates if the Consignee is associated to a Broker. If this applies a specific code is automatically assigned to the AWB. This code provides the Airline with Broker lists of Documents and Freight for delivery and also set up that Broker for automatic Invoicing.

- Import Autopricing for required Destination charges. (Available to ALL).

This program is currently able to automatically calculate the following destination charges: Charges Collect Fee, Handling charges and/or Customs clearance and Storage. We are currently working on a further charge called Destination Tax which is a percentage of the Total Destination charges.

- Issuance of specific Invoice and Supplementary Invoice for all AWBs with particular attention to shipments in Charges Collect. (Available via IMP APTST).

All documents delivery must be supported by the print of an Invoice. By having this procedure in place the Airline ensures that all AWBs have their correct Cash or Credit status and that they have been accounted. Furthermore following the issuance of an Invoice the System controls that further charges are correctly reported on a Supplementary Invoice.

- **Import Cash Management control and reporting.**
(Available via IMP APTST).

AWBs with a Cash status must be finalised by the Import Cash control. Those cannot be delivered if finalisation has not taken place.

- **System control at Delivery phase via issuance of specific Delivery Note.**
(Available via IMP APTST).

The Delivery note cannot be printed if an Invoice has not been issued and if the AWB in Cash has not been finalised by the Cash control program.

The system also ensures that the date of delivery of goods is the same as that of the Invoice in order to control if storage or further storage applies.

- **Control of Uncollected shipments.**
(Available via Procedure).

Shipments in need of Notification of Arrival will be optioned to go to specific queues at notification expiring date. The same will apply for first, second, ETC, Irregularity report until the file is closed.

By having this procedure in place it will be easy to control and maintain lists of uncollected shipments.

- **Automatic Import Customs out following Delivery Note or Transfer Manifest.**
(Available to ALL).

This facility ensures that the AWB is promptly and automatically transferred to Accounts as soon as its operational cycle is completed. This means that the shipment is either been delivered or is been transferred to a non Handled Carrier.

The production of a Transfer Manifest is automatic providing both the document and freight has been received and the Import City has been set up as Transfer City.

- **Detailed Statistics of daily Import traffic broken down by Quantity, Origin, Weight Charges, Converted Amounts, Invoicing Nbrs, Delivery Notes Nbrs and Destination charges which are further broken down by description.**
(Available to ALL. In progress).

- **Direct interface to peripheral Accounting for Credit Import Sales reports and further statistics.**
(CROMA. In progress).

- **Selection for download to CRA queues of AWBs which have had automatic proration or in need of manual proration.**
(Available on demand).

- **Transfer of specific totals (Credit and Cash) plus Proration data to Offline Accounting System for Interline reports (Debit and Credit) and general Revenue.**
(In progress).

Note:

Any Airline wishing to use the above process will ask SITA to set up the necessary data base:

- IMP (APTST), TFM and DLY (CCT), IEA (OSC), INV and SUP INV and DEL NOTE (GLOBALS), IMPORT CASH CONTROL (HARDCODED).

The Airline and SITA together will set up the necessary parameters:

- Range of Inv, Sup Inv and Delivery orders numbers, Broker codes, NOA and IRP Option dates, Auto Customs out time, Final Disposition, Cra queues Structure.