



» Challenges of Ticketing Through Transporting Airline

| Viewpoint Paper

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## Challenges of Ticketing Through the Transporting Airline

With IATA's 100% e-ticketing deadline quickly approaching, airlines are looking for new ways to maintain current off-line agreements for non-revenue employee interline travel, in preparation for the transition from paper tickets to e-tickets. In an effort to avoid the time and great expense of numerous direct connections as experienced with establishing these connections for revenue / commercial agreements, some airlines think each transporting airline should handle future e-ticketing for non-revenue interliners.

Although ticketing as the transporting carrier is possible through a direct connection between reservation systems or via the ID90T e-ticketing Platform, there are several disadvantages that outweigh this "simple" solution that airlines should consider. The most significant challenges involve: the enormous administration and cost implementation of issuing tickets on behalf of interlining employees; employment verification for other airline personnel; and no flexibility for last-minute changes with an employee's itinerary.

### Overview of Challenges

- Transporting Airline will absorb merchant fees and other e-ticketing costs
- Large airlines would issue far more tickets than smaller airlines
- Transporting Airline would have to administer refund requests
- Employing airlines may get tangled in refund disputes
- Limited payment options and different refund policies
- Airlines without a reservation system could not participate

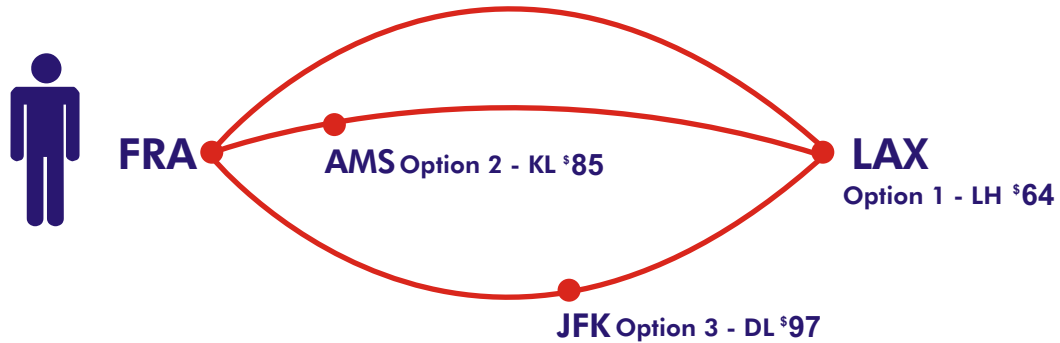
### Ticketing Costs

If the transporting airline were to provide e-ticket fulfillment they would have to charge a ticketing fee or absorb the costs of merchant fees and other related fees. Large airlines like Delta, British Airways or Cathay Pacific would spend millions annually. For example, a ZED Medium fare from LAX - JNB costs \$10.81 USD in merchant fees alone.

To complicate matters further, airline employees often request "back-up tickets" for their itineraries that they do not use. Thus, the transporting airline will issue back-up tickets that will never be used, and must absorb the administration and costs of both the tickets and refunds. As highlighted in the illustration below, without the interchangeability of an Interline e-ticket connection through the ID90T Platform, employees are forced to buy back-up tickets when their first flight is either full or unavailable.



Transporting airlines must understand that as the ticketing carrier, they will have the cost of merchant fees to absorb when issuing tickets and the administration and costs of refunds, while possibly never transporting the employee.



In addition to the time and administrative expenses of handling refunds for the transporting airline, employing airlines will likely have to get involved in refund disputes.

Above we see an employee who requested a non-stop ticket on Lufthansa, buying two back-up tickets on Delta and KLM. This employee will only use one of the three tickets and two of these airlines will have to issue a refund.

### Limited Flexibility For Employees

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If transporting airlines issue tickets on their stock for interliners, the employee will have to visit different Web portals for each applicable airline and be required to follow varied processes to obtain refunds. With no centralized Web Based portal, there is no uniformity, which leads to confusion and frustration for employees.

Because everything is segmented, employing airlines will have no control or access to employee travel statistics. Interchangeability will be a thing of the past and many future conveniences available through automation, such as travel history and last-minute changes, would not be an available option.

### The Solution

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Airlines can spend time and money to build direct connections with their key Interline partners, while continuing to absorb ticket and refund costs on behalf of their employees. Likewise airlines could agree that all ticketing may be done via the transporting airline with the transporting airline absorbing the costs on behalf of other airline employees.

While the latter can save the hassle and expense of direct connections, it comes at the expense of larger network carriers. Both options are costly. This is why many airlines are realizing that by utilizing a third party who would charge nominal ticketing fees directly to the employee, the airline itself can save millions annually. Simultaneously, the employing airline would increase flexibility and provide many added conveniences to their travelling employees.

ID90T's stand alone Web based Interline Fare Calculator™ allows employees to perform flight searches and request e-tickets online within seconds, using one of eight payment options. Employees can request itinerary changes utilizing previous stored itineraries online, via their mobile phone or by calling a live bi-lingual operator available 24/7. In addition, employees can choose to store profiles where they can view their future and past travel history with just a few clicks of the mouse.

In exchange for all these conveniences, the employee pays a ticketing fee \$1-\$5. There are no development costs, or ongoing maintenance for any airline and the current costs of ticketing and refunds have been eliminated.

In short, third party ticketing allows airlines to maintain and preserve their current off-line travel benefits, while giving their employees added conveniences, and saving their airline millions annually.



## How Much Can ID90T Save You ?

To determine how much third party ticketing can save you, use the following formula.

### Internal IT Resources

Costs to establish **one** Interline e-ticketing connection for non-revenue travel: \$ \_\_\_\_\_

Time to establish **one** Interline e-ticketing connection for non-revenue travel: \_\_\_\_\_ days

### Current Internal Ticketing Costs

Credit Card Merchant Fee ( \_\_\_\_\_ % + \$.00 x total number of tickets issued): \$ \_\_\_\_\_

Billing Settlement (.09% x total number of tickets issued): \$ \_\_\_\_\_

Administrative Costs of validating employment and issuing tickets: \$ \_\_\_\_\_

Cost of Reservations Office making Listings for Employees (phone & labor): \$ \_\_\_\_\_

Credit Card Merchant Return Fee (\$.00 x total number of tickets issued): \$ \_\_\_\_\_

**NOTE:** Industry average for accepting credit card payments is 2.25% of the total sale + \$0.30 for each transaction. Refunds incur another \$0.30 transaction fee and the original 2.25% is NOT refunded.