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6 mio.

Lufthansa Systems' revenue management solution ProfitLine/Yield Rembrandt,

allows airlines to better forecast market demand, analyze competitor's fares and to respond to it with a more flexible pricing strategy. They can optimize capacity and price and generate additional revenues. By switching to ProfitLine/Yield Rembrandt a typical mid-size airline can increase its revenues by up to USD 6 million per year. Customers experienced that the investment paid off after six months.

Hot Topics

Lufthansa Systems takes revenue management one step further

ProfitLine/Yield O&D Market-sensitive Forecaster optimizes yield and availability

Airplane seats are perishable goods. As soon as a flight has left the gate unsold seats on board are worth nothing. Managing the complex relationship between price, demand, capacity and behavior of the passengers in a way that maximizes revenues is a difficult task. Lufthansa Systems' revenue management tool ProfitLine/Yield is based on highly developed analysis, forecast and optimization methods. It is the result of many years of experience in the field of revenue management and pricing. The latest module is now being implemented at two major airlines.

At the heart of any modern revenue management system is its forecasting module. High-quality passenger forecasts directly affect airline revenues since they form the basis for booking control procedures. Lufthansa Systems has enhanced its proven ProfitLine/Yield revenue management solution and created the new ProfitLine/Yield O&D Market-sensitive Forecaster. This system provides better forecasts and optimization options, particularly in markets with competition from low-cost carriers.

There are two possible approaches to forecasting. The product-sensitive approach caters to passengers who book their flights based on product features, including departure times, direct flights instead of connections, and booking conditions. The market-sensitive approach considers those guests that make booking decisions based primarily on the ticket price. Airlines often follow the product-sensitive approach based on historical booking data. Now, the market-sensitive solution ProfitLine/Yield goes a step further. It uses the latest forecasting and optimization methods and takes data such as pricing information into account. As a result, the market-sensitive approach provides booking forecasts of an unsurpassed quality.

The ProfitLine/Yield O&D Market-sensitive Forecaster is the first step towards a complete market-sensitive O&D system.

Following the O&D concept, airlines analyze the market on the basis of complete itineraries (origin & destination) rather than individual segments. Besides the two major airlines currently implementing the solution, a number of other airlines have expressed their interest in it. The solution is currently unmatched in the market. Its economic value is compelling: Initial benchmarks have shown that this system can generate additional revenues of up to 0.25% compared to the traditional ProfitLine/Yield O&D Forecaster, which is currently considered the best forecasting solution on the market for product-sensitive approaches.

The new module accounts for the fact that, thanks to stiff competition between airlines with different business models, travelers now face considerably more price and itinerary options than they did when the market was dominated by traditional carriers. The solution pays particular attention to low-fare airlines, which have become the toughest competitors. The Forecaster considers their market position so airlines can predict their own demand much more accurately and adjust their availability more precisely to the expected volume of passengers.

Revenue management is an important task not only for airlines. The same logic applies for rental cars, hotel rooms or cruise ships. A German economic daily recently suggested that even banks may pick up this technique in order to offer the right credit to the right customer at the right conditions and fees. However, airlines were the first to use it, so the airline industry will always be at the forefront of developments. It is good to know, then, that Lufthansa Systems will continue to be a reliable partner for airlines in this increasingly complex area.

Lufthansa Systems' Sirax AirFinance Platform helps airlines to save millions through precision, speed and increased efficiency

Fare structures, code share agreements, and taxes and fees in aviation increase the complexity of an airline's revenue accounting. At the same time the intense competition in the aviation market makes fast and precise revenue accounting indispensable to an airline's management. Lufthansa Systems' Sirax AirFinance Platform fulfills all the demands made of a modern revenue accounting system by optimizing the whole process of back office accounting. With efficient methods for analysis and evaluation, the solution achieves an unprecedented degree in accounting precision and accuracy. This leads to higher data quality and as such to increased revenues.

The precise settlement of interline tickets alone can save a mid-size airline 1.5 million US Dollar per year. Avoiding overpayments in taxes and fees can save another 500,000 US Dollar. Furthermore, the highly automated system speeds up the accounting process and reduces operating cost by up to 45 % and total costs in revenue accounting by more than 35 %.

When calculating an airline ticket, numerous factors must be taken into account before it is clear how much an airline will actually receive for transporting a passenger on a particular leg of a journey. Sirax AirFinance Platform supports all revenue accounting processes for passenger and cargo airlines from sales data processing and matching to integrated credit card billing to financial accounting and management report.

The Sirax AirFinance Platform has a modular design. The Sirax module controls and manages an airline's revenue processes by performing a fully automatic check of ticket sales against actual flight data. Integrated sub-processes support the billing of interline flights between airlines. Sirax also helps to control processes that involve a variety of complex rates, codeshare agreements, alliances, as well as taxes and fees. It delivers precise, up-to-the-minute information for the management and the accounting division of an airline. This considerably reduces the losses that airlines suffer when interline billing with other airlines is overlooked or

when rates are calculated too low due to changes in a passenger's ticket class. This alone means that the investment made in this new software can pay off within just one year.

Further modules of the Sirax AirFinance Platform help airlines to get cash quicker than before. SiraxLink allows for a weekly settlement with the IATA clearing house instead of the standard monthly clearing. With SiraxCredit the time until an airline receives credit card payments is cut by five days. For every million coupons sold this means some 550.000 US Dollar of profit from interest. In addition, SiraxPCI, which is a standard module of the solution, ensures compliance with the strict Payment Card Industry Data Security Standard (PCI DSS) at minimum cost.

Sirax AirFinance Platform is the first integrated platform to support and optimize the entire financial process of an airline from revenue accounting to cost controlling. Numerous large, international airlines - such as Air France-KLM and Scandinavia's SAS Group - selected the comprehensive IT solution which can be easily adapted to specific customer needs. Worldwide more than 400 million coupons annually or twelve percent of all tickets are being processed with the help of Sirax. In Europe it has an even higher market share of 30 percent.

News

Cargoitalia optimizes flight operations with IT from Lufthansa Systems

Cargo airline cuts costs by using high-quality navigation solutions

Lufthansa Systems and Cargoitalia announced that they have signed five-year contracts to provide the Italian air cargo carrier with integrated solutions from the IT provider's Airline Operations portfolio. This includes the Lido RouteManual navigation charts and Flight Management System (FMS) data to optimize Cargoitalia's flight operations processes. The airline also opted for Lido Topas and Lido Landing Performance, Lufthansa Systems' solutions for performance data analysis.

"Lufthansa Systems' extensive expertise and reliability in terms of service and product quality have convinced us. The integrated use of Lido RouteManual, Lido FMS and the Lido performance applications will considerably increase the efficiency of our operational processes and thus will help us to cut costs," said Angelo Boscolo, Flight Operations Postholder at Cargoitalia.

All innovative Airline Operations solutions from Lufthansa Systems are based on the Lido navigation database. The Lido RouteManual charts are generated directly from this database and meet the highest standards of precision and quality. They support visual thought with clear color-coding and self-explanatory symbols and thus enable pilots to see all relevant information at a glance. For the Italian cargo airline, the around-the-clock accessibility of Lufthansa Systems' helpdesk was another key factor that supported its decision to implement the solution.

"We are very pleased that Cargoitalia selected such a wide range of Lido products. This proves us right in developing integrated solutions which provide optimized performance as compared to individual solutions and reduce operational costs. Our product strategy meets the requirements of today's modern airlines," said Stefan Auerbach, Senior Vice President Sales EMEA at Lufthansa Systems.

Vueling relies on IT from Lufthansa Systems **Increased efficiency through optimized flight planning and navigation**

Lufthansa Systems today announced that Vueling Airlines will optimize its flight operations using the Lido RouteManual navigation charts, the Lido Operations Center (Lido OC) flight planning solution and navigation data from Lufthansa Systems. Together, these solutions will enable the Spanish airline to benefit from the seamless integration of its flight planning and operations processes.

"The merger of clickair and Vueling has significantly expanded our new airline's fleet and operations. We were impressed by the intelligent functionality of the Lufthansa Systems solutions, which will help us optimize our flight operations and reduce costs," said Luís Gallego, Chief Operating Officer of Vueling. Vueling and clickair merged in July, creating Spain's second-largest airline after Iberia.

For Lufthansa Systems, this agreement is further proof of the trust which European airlines have in its solutions: "With our portfolio of products, we serve airlines worldwide, regardless of their business model or fleet size. I am very pleased that Vueling has become the latest low-cost carrier to recognize the economic benefits of our innovative solutions," said Stefan Auerbach, Senior Vice President Sales EMEA at Lufthansa Systems.

Virgin Blue enhances operational efficiency with LoadControl from Lufthansa Systems **Australian carrier to see lower costs and higher flexibility in aircraft handling**

Lufthansa Systems has taken a further step in enhancing its presence in Australia and the Pacific by winning Virgin Blue Airlines as its latest customer. Both companies signed a long term contract for the implementation of LoadControl, one of the world's leading weight & balance solutions at the airline. After the implementation, Virgin Blue will benefit from lower fuel consumption in its daily flight operations.

"LoadControl is a renowned weight & balance application. This proven solution will take our aircraft handling processes to a new level of efficiency. In the current economic environment, this will enhance our competitive position through better aircraft load planning," said Virgin Blue Chief Operations Officer, Andrew David.

LoadControl optimizes the load planning of an aircraft, resulting in an increased payload available for additional passengers, baggage or cargo. Proven with major airlines, this both generates additional revenue potential and reduced fuel consumption of up to 0.5 % per flight. Its "Auto Load Planning" capabilities and the fully automated "Time Driven Mode" also reduce process costs and improve reliability.

"Lufthansa Systems is proud to be Virgin Blue's partner in this ambitious project. This contract covers more than just an aircraft handling system. It will open the door for Virgin Blue to reach a whole new level of efficiency in their operational processes. We are delighted that after a very thorough evaluation of solutions available, Virgin Blue chose Lufthansa Systems, and we are committed to making this project a great success", explained Norbert Müller, Senior Vice President Sales Asia-Pacific at Lufthansa Systems.

Meet Lufthansa Systems

If you would like to talk to one of our IT experts about any specific solution in detail, we would be happy to coordinate a meeting. You can find us at the following events:

Name of Event	Date, Location	Solutions presented
The World Route Development Forum	September 13-15, 2009 Beijing, China	NetLine/Plan and NetLine/Market
IATA Revenue Accounting Meeting	September 14-18, 2009 Kuala Lumpur, Malaysia	Sirax AirFinance Platform