

Competitive advantages through greater transparency in a sea of numbers

Complex fare structures, code share agreements, and taxes and fees in aviation have turned revenue accounting for airlines into something of a science. When precisely 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 - and the potential for making a mistake is high. On the other hand, fast and precise revenue accounting is indispensable to an airline's management if the company is going to be guided successfully through this highly competitive market.

It is practically impossible to tackle this challenge without special IT solutions for revenue accounting. One look at a typical flight - from Helsinki to Buenos Aires via Frankfurt, for example - and the complexity involved in billing becomes clear. The passenger buys his ticket from Finnair in Helsinki, and he pays Finnair the full price for his economy class seat. However, the Finnish airline only handles the first leg of the journey, namely from Helsinki to Frankfurt. From Frankfurt, the passenger continues his flight to Buenos Aires with Lufthansa. If Finnair charges for the entire ticket, then the airline must pay Lufthansa its portion of the proceeds for the Frankfurt to Buenos Aires leg. But this is only one of the components relevant to correct booking. It is also necessary to compare the passenger's boarding pass and ticket, for example, to check whether the passenger actually flew on the flight reserved for him in the class that he booked, or whether any other special conditions, such as a weekend fare, came into play.

The difference is in the details

The Sirax revenue accounting solution that has been developed by Lufthansa Revenue Services together with Lufthansa Systems handles all aspects of the billing process in detail. Thanks to the software's high degree of automation, airlines can reduce the amount of effort they put into revenue accounting by up to 70 %. For example, the data on the boarding passes issued at the check-in counter can be read electronically and sent immediately to the Sirax system via a direct data transfer. The fully automated matching process then takes place between the purchased ticket and the boarding pass or the flight that was taken. Based on this check, the actual revenue is then determined by taking into account all the details affecting earnings. In automatically carrying out these processes, Sirax achieves an unprecedented degree of precision. This makes it possible to considerably reduce 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. Another advantage offered by Sirax is that personnel costs can be lowered due to the high degree of automation. Thanks to the system's extensive auditing mechanisms, revenue that has been lost through the incorrect calculation of rates or taxes and fees will also be a thing of the past.

A variety of airlines, including Finnair and ASIANA, have been using Sirax successfully for several years. Royal Jordanian and Southwest Airlines are currently implementing Sirax.

Everything is under control

The revenue accounting solution from Lufthansa Systems also continuously delivers current revenue reporting and management information within a short period of time. Depending on the amount of information desired, reports can be provided just one to two business days after the end of the month. A maximum of eight business days after the end of the month are needed for reports containing all data. In keeping with the trend towards prompt reporting, Sirax will also offer a daily revenue overview in the future. In connection with the growing proportion of electronic tickets, which can be processed immediately by revenue accounting, it will be possible to view the current monthly revenues on the very next day. Management will therefore have a reliable and informative auditing and control instrument. But Sirax not only creates far-reaching transparency in the area of revenue accounting, it also offers the opportunity to analyze data in detail, providing information on passenger travel habits and route patterns which can prove valuable for an airline's marketing activities.

For further information, please contact:

Lufthansa Systems AG
Corporate Communications
Am Weiher 24
65451 Kelsterbach
Tel: +49 (0)69 696 90776
Fax: +49 (0)69 696 90777
E-mail: publicrelations@LHsystems.com