

INSIGHT

MARCH 2017

HOW WILL IATA BRING AIRLINE ORDER MANAGEMENT PROCESSES TO THE DIGITAL ERA

INTERVIEW WITH
SEBASTIEN TOURAINE,
HEAD OF THE ONE
ORDER PROGRAM,
IATA



ONE Order is an airline industry-supported program launched by IATA following the ongoing New Distribution Capability (NDC) initiative. We sat down with Sébastien Touraine, IATA Head of the ONE Order program, to understand what ONE Order means for the airline industry. We emphasized on the connection with NDC especially in regards to the scope, challenges and roadmap.



Sébastien Touraine
Head, ONE Order

2000-2005 - **Swissair, then Swiss International Airlines**

- Manager, Pricing and Revenue Management
- Manager, Route Network and Strategy

2005-2017 - **IATA**

- Assistant Director, Airline Consulting Services
- Head, Airline Merchandising
- Head, ONE Order Program

What is your role within the IATA team?

Sébastien Touraine: I am part of the IATA Financial and Distribution Services (FDS) Transformation team, which is a small unit in IATA that is exploring the industry's vision on distribution and payment and the associated key transformational goals the industry is trying to achieve. I am currently leading the ONE Order program and have been involved in NDC since its beginning in 2011. Together with the airlines, we have created a shared vision on how the industry should move forward regarding distribution within this digital environment. I previously worked for Swiss in Revenue Management, Network Planning and on turnaround projects as well as consulting projects for IATA.

Could you define what ONE Order is?

Sébastien Touraine: The ONE Order initiative is an industry program which aims to simplify the order management process in the airline industry. Basically it is redesigning the way airlines take bookings, confirm payment and fulfil air and non-air products. Technically, ONE Order offers new pairs of XML messages to complement the NDC XML messages. This is done by looking at the way Order records transmit data to revenue accounting and delivery systems (DCS, ground handlers or any third party involved in delivery). It will also allow for an acute monitoring of fulfilment statuses.

Why has ONE Order been launched and what is the link with NDC?

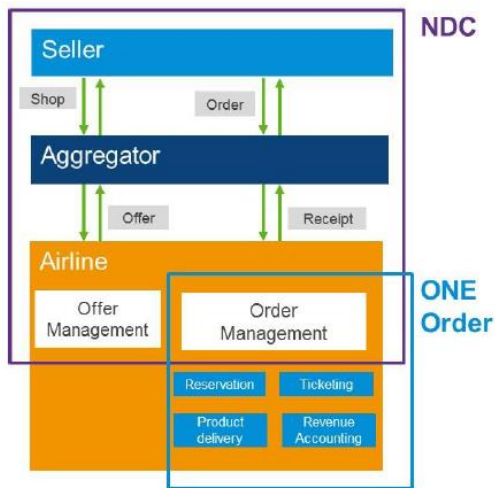
Sébastien Touraine: Let us take a step back and bring some background to our industry. In the 60s and 70s, the airline industry created electronic commerce before the Internet was invented. The airlines started to use reservation systems and so-called Passenger Name Records (PNR), which are data-structured information about the flight reservation made for the customer. In parallel to accounting for and fulfilling this reservation, paper tickets were put in place. The industry then moved its paper-based processes to electronic documents such as E-tickets. At that time, IATA targeted a 100% electronic ticket penetration across the industry, which was reached in 2008. It was the first phase of a digital transformation in the industry. However this first step mainly replicated paper-based processes in an electronic format by automating some manual processes.

“[Switching to E-tickets] mainly replicated paper-based processes in an electronic format”

In 2012, IATA launched the NDC program by putting in place new XML schemas and a new architecture that brought the notion of Offer and Order management. As far as NDC Order Management is concerned, the orders are still translated into a PNR, and E-ticket or an EMD.

This brought us to reflect on the purpose of an E-ticket in the context of Order Management. An E-ticket is simply a confirmation of payment and also shows the fulfilment status of an order – namely delivered, paid, partly delivered, refunded, etc. **With ONE Order, we are aiming to combine the PNR data information with the E-ticket and the EMD information into one single record.** Hence while NDC is all about enhancing airline distribution, ONE Order complements NDC by simplifying airlines fulfilment processes.

“While NDC is all about enhancing airline distribution, ONE Order complements NDC by simplifying airlines fulfilment processes.”



- ▾ **Enhanced Distribution :**
 - ▾ Merchandized Offers
 - ▾ Personalization / Dynamic Pricing
 - ▾ New Distribution Channel
 - ▾ Optimize Payment
 - ▾ Offers/Orders integrity
- ▾ **Simplified Distribution :**
 - ▾ Unique Customer Order Reference/Receipt
 - ▾ Dispose of ticketing paper based processes
 - ▾ Standardized retailing solutions
 - ▾ Facilitate interlining with ticketless
 - ▾ Lighter Revenue Accounting

Toward Enhanced and Simplified Airline Distribution: scope of the NDC and ONE Order programs

What will ONE Order bring to the end customer?

Sébastien Touraine: The different reference numbers that passengers get on their itinerary receipt can be confusing. They get multiple PNRs from the sellers and airlines, an E-ticket number, and sometimes even an EMD number to identify the purchased ancillary. As frequent travellers, many of us have already experienced the issue of trying to check in without our numbers being directly recognized. **With the notion of a single order, there will be a single reference** encapsulating all information into one single record. It will be therefore much easier for passengers to go to any airport or airline desk, be correctly identified and served. They won't have to hesitate between all the current reference numbers.

What are the main benefits of ONE Order for airlines, for third party providers and for travel agencies?

Sébastien Touraine: ONE Order brings three major areas of improvement. The first one is better customer service, as just discussed. The second one is solving the inefficiency of data reconciliation between PNRs, E-ticket and EMDs: this is costly to airlines. **Having the ability and agility to work like any e-commerce platform with an Order-oriented mindset will represent a long-term cost reduction.**

Thirdly, the industry believes that having retail-oriented platforms will drive innovation in the delivery of new products. There are currently many constraints to building new products and delivering them through today's infrastructure - intermodal transportation between air and train or interlining between low-cost carriers and traditional airlines, for example. This is especially relevant as some large airline groups own one or more low-cost airlines with which they aim to increase the interaction with their traditional airlines – for instance combining low-cost short haul and traditional long haul.

“The industry believes that having retail-oriented platforms will drive innovation in the delivery of new products”

What are the main technological challenges of ONE Order?

Sébastien Touraine: In the industry, most agree that ONE Order makes sense as a concept. **The technology is not the biggest challenge. The real challenge is the transition** and maintaining compatibility with the existing ecosystem. Airlines will most likely set up an Order Management platform on top of their current PSS or will work with their PSS provider to encapsulate the current PNR and e-ticket data into an order meta-record. Both represent a technological challenge for IT providers, but should support this transition.

Another main challenge is the change of mindset across the airline industry. Airlines are used to tickets and the related jargon around PNRs. They now need to think like retailers, where the notion of order without ticket would become the norm. We expect it to take some time, and the industry is conscious that it will be a major long-term process.

“[Airlines] now need to think like retailers where the notion of order without ticket would become the norm”

What is the roadmap of ONE Order?

Sébastien Touraine: In December 2015, the IATA Board of Governors – composed of member airline CEOs - pushed the first phase of ONE Order, which relates to the development of the standard. IATA

gathered industry players and airlines to work together on defining the scope of ONE Order. The industry reached a first milestone last year with the adoption of the Resolution 797 - approved by all IATA airlines in October. The Resolution details the key principles, messages and interactions related to ONE Order and gives the required authority for the industry to move forward working with ONE Order. In 2017 the industry is working on more detailed levels of the standard. Currently an industry task force is focusing on defining the XML schemas that will be exchanged from airline order management systems to accounting or delivery systems. In parallel, interested parties can embark on industry pilots. To sum up, we are in a standard development phase of this major transformation project.

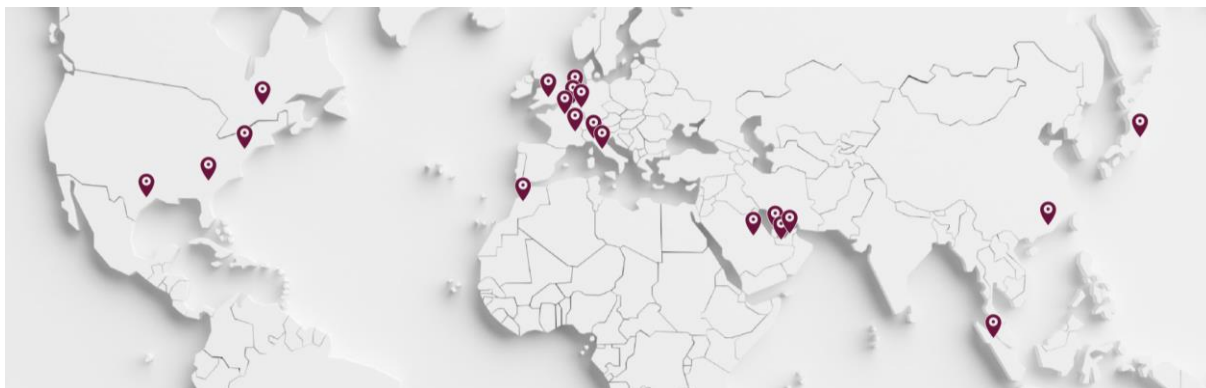
What advice would you give to an airline that would like to participate to ONE Order?

Sébastien Touraine: Airlines should start small - with pilots and think big. We recommend starting with a specific set of products being fully implemented in ONE Order as part of a pilot to demonstrate the associated quick wins. For airlines that cannot engage in a pilot or prefer to wait and see how the industry progresses, our advice is to embark on a strategic thinking process around ONE Order. As ONE Order complements NDC, airlines **need to include how their “ultimate” Order management system will work with ONE Order into their NDC roadmap.** This ultimate Order management system will not only provide a unique source of data to be shared with others (accounting, 3rd parties) but will also be the ultimate place to consolidate data to build comprehensive business intelligence.

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