

Got (Electronic) Tickets?

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AIRKIOSK SYSTEM CHIEF DEVELOPER NOVAK NIKETIC ADDRESSES THE TICKETLESS VS. E-TICKETING DEBATE

The Airline Industry is one of those in which experts and outsiders can be clearly recognized by the amount of jargon used in a discussion. Within the Industry, regardless if one is on the side of transformation into a more open model, or is still jealously trying to keep the IBM TPF core programming environment unchanged, we are all guilty of speaking too much in a “foreign” language.

Through phraseology and acronyms, we ensure a distance between us and the uninitiated, whether for genuinely more efficient communication among ourselves or smug enjoyment, I am not sure. It is fun, sometimes, to notice the grimaces of pain on the faces of our new students, when we are describing the creation of a basic reservation using terms such as PNR, triple-A, queues, or when talking about “PAXP” passenger protection and re-accommodation.

And as if this were not enough, we will quickly invent new terminology to put a gloss on why a new concept is good, or an old system still better than the new. At the end of day, everything is about marketing.

One of the latest trends in the Industry is to distinguish Reservations systems based on the way they handle ticketing. A system can provide E-Ticketing or be Ticketless, and by this single criterion, you should understand almost everything about it.

What is the difference between E-Ticketing and Ticketless?

E-Ticketing

E-Ticketing solutions produce ticket coupons in an electronic format. This allows the status of each coupon to be updated across different E-Ticket databases (ETDB), and for the control of E-Tickets to be passed from one airline to another.

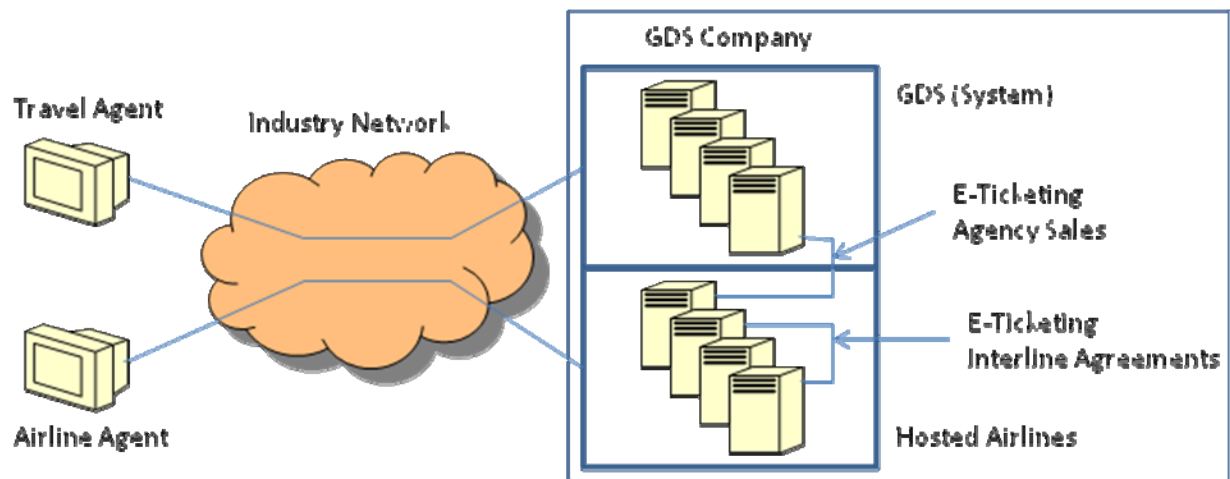


Figure 1: “Simple case” or E-Ticketing among the airlines hosted by the same GDS company

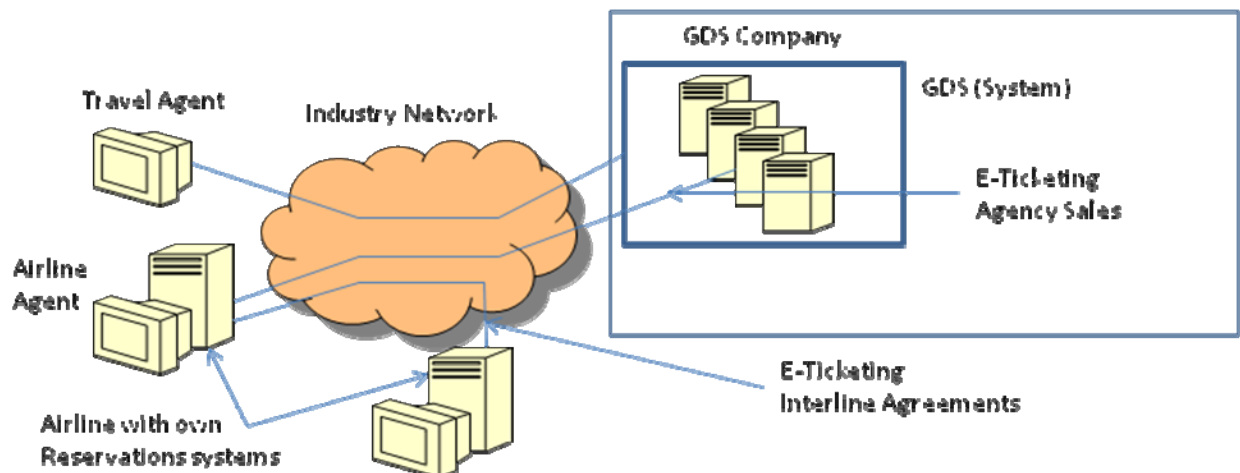


Figure 2: “Complex case” or E-Ticketing among the airlines with dissimilar Reservations systems

E-Ticket coupons are modified by the system in a real-time fashion, as the passenger’s status changes through the airport handling process. As soon as the flight is closed after departure, each coupon of the passengers on board will obtain flown status, and in the case of interlining the Interline partner will send a settlement authorization code.

E-Ticket sales and used E-Ticket coupons can be reported in a format recognized by IATA BSP and IDEC, for billing and settlement.

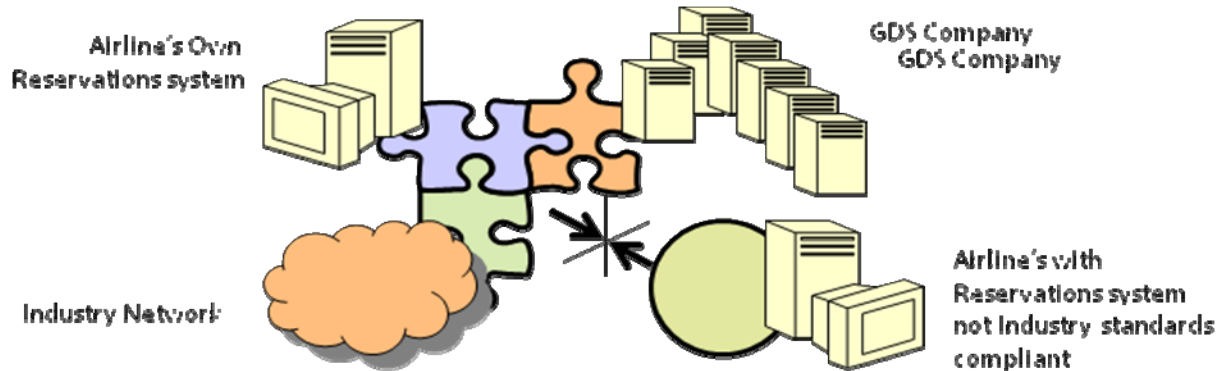


Figure 3: E-Ticketing standards are designed to simplify integration of the Reservations system created by different solution providers, in a single Industry distribution model

The prerequisites for E-Ticketing Agency sales through the GDS:

- * IATA 2-character (alphanumeric) code,
- * IATA 3-digit accounting code,
- * OAG filing,
- * ATPCO filing,
- * BSP subscription,
- * Physical link between GDS and Reservations system:
 - o Direct line between the two systems, which can be VPN (virtual private network),
 - o Support of the Industry H-2-H (Host to Host) protocol, and
 - o EDIFACT parser.
- * GDS Participation Agreement
 - o Type A / H-2-H,
 - o Interactive Sell

Prerequisites for Interlining:

- * Implemented E-Ticketing,
- * GBR Agreement,
- * Link between Interline partners ETDB,
- * IDEC subscription.

Prerequisites for (third party) airport handling:

- * Real-time access to the ETDB from the DCS environment.

E-Ticketing transactions are described in the IATA Resolutions 722f and 733h. The main transactions are:

Messages for Agency Sales:

- MSG 130 - E-Ticket Issuance,
- MSG 133 - E-Ticket Void,
- MSG 134 - E-Ticket Exchange,
- MSG 135 - E-Ticket Refund,
- MSG 131 - Display E-Ticket

Messages for Interlining and airport handling:

- MSG 107 - Passing and regaining control of E-Ticket coupons,
- MSG 142 - Changing E-Ticket coupon status,
- MSG 751 - Airport control, and
- MSG 131 - Display E-Ticket

The main justification for development of the IATA E-Ticket standards was to get rid of Ticket paper stock, with its costly handling. So in this respect, this solution can also be called ticketless, ... but it is not Ticketless!

Ticketless

The main characteristic of a Ticketless solution is that it does not allow the exchange of Ticket records among systems using IATA E-Ticket standards. In this respect the solution doesn't require IATA registration, nor does it require connectivity to the GDSs in order to support Interline Agreements with the airlines hosted by the GDS companies.

As most carriers today will not allow Interlining unless a partner airline is also E-Ticket certified, the Ticketless solution will not support mainstream Interlining.

Nevertheless, a Ticketless solution can still produce electronic ticket records, and may have capabilities to electronically change the status of ticket coupons. And airlines could exchange ticket information, for example using XML. But this "e-ticketing" is not E-Ticketing and is purely based on bilateral agreements rather than industry standards.

Hybrid solutions

There are several solutions which are labeled as Ticketless with E-Ticketing capabilities, however, if one examines the description of the E-Ticketing aspects, it should become clear that these "solutions for E-Ticketing problem" are not the same as having an implementation of E-Ticketing.

In hybrid solutions E-Ticketing links are not inherent to the solution itself, but they use other companies' E-Ticket database and Industry links to the GDSs and BSP.

This sounds quite expensive and complex.

How do you figure out which solution is best for your airline?

Deciding for Your Airline

Deciding which solution to use should be made within the framework of an airline's business model and the marketplace an airline operates within.

Category A: Ticketless, good enough

There are clear situations (business models) in which the Ticketless solution is sufficient:

- o Low cost point to point traffic, the Leisure marketplace, primary sales in your home markets. Examples, Ryanair, Easy Jet, Jet2.
- o Huge penetration of Credit Cards, ie. UK, France, Germany, Italy, Spain, US,
- o Reliable Internet infrastructure and decent history of consumer Internet sales, US, most European countries, South Africa, Australia, Japan, and a few other Asian countries,
- o No dependence on IATA Travel Agents (this one is tough),
- o No Interlining, except through allotments (block seats).

Category B: E-Ticketing and Industry networking are a Must

For these markets, there is no choice but to acquire a solution with the highest level of Industry connectivity, preferably one that includes E-Ticketing.

- o Internet in early phases of development, or consumers' Internet buying habits are still poor,
- o Cash is the most common form of payment (low credit/debit card use),
- o Primary booking channel for consumers is through Travel Agents,
- o Interlining is required to boost load factors.

Category C: Markets in transition to E-commerce

Airlines in these markets could survive without the highest level connectivity to the Industry systems, but any alternative model would require people with the skills to understand how to develop alternative forms of payment collection and settlement.

- o Most markets, outside the top developed countries,
- o Decent penetration of Internet,
- o Strong Marketing to promote online P2P connectivity with the largest Travel Agencies and corporate accounts,
- o Interlining, but no GDS agencies sales,
- o Niche or protected markets, such as flag carriers, commuters, private clubs, etc.

Is Ticketless good or bad?

That depends on who you ask, and when you ask.

A couple of years ago, we participated in a bid for a project to install our Reservations system for a prospective customer, an airline in the Caribbean. After extensive due diligence of all proposed solutions, an independent consultant hired by this prospect, recommended our solution, the AirKiosk system.

As the last step in their selection process, the airline requested an opinion from IATA, an “Industry body,” about our solution. An IATA employee sent us a message asking if our solution is Ticketless. My response was that we maintain electronic records of our tickets, which is necessary for revenue accounting, therefore our solution can be described as E-Ticketing. I also added that, as we do not print the Tickets on official IATA tickets paper stock, our solution is Ticketless too. The airline’s consultant produced another document outlining the reconciliation process of our system, using E-Ticketing records, and sent this document to IATA and the airline.

Unfortunately for us, we were already labeled as Ticketless, which at that time was a “dirty word,” so the airline went with a solution recommended by IATA, which by the way, was not any of the 7-8 solutions officially participating in the bidding process. (Talk about the neutrality of an Industry body...but this is for a different story all together.)

Nothing further from our end helped, not detailed, acronym-rich diagrams detailing our E-ticketing capability nor our reference to one of the most successful new carriers in the UK, Jet2, which we helped build from scratch to its size of 6 million, were enough to change the mind of the frightened airline.

A year has passed since this project and we have successfully implemented Edifact E-Ticketing links with Worldspan and Amadeus. So in all of my naivety, I thought that we finally earned the official E-Ticketing label and that was a “good thing.”

It shouldn't be a surprise to me that I was wrong again. There is still too much money invested in systems which cannot support IATA E-Ticketing. The main Industry players, the GDS companies, completed their developments of Ticketless solutions and the major supplier of the solution for the largest LCC carriers still has not implemented IATA E-Ticketing capabilities. So now, Ticketless is the “good thing.”

And of course, what is good for GDSs, is good for IATA, so IATA will also need to change their treatment of Ticketless systems.

Understanding the Definition Pitfalls

I have seen descriptions of Ticketless solutions as "PNR-oriented". This is hardly the description of a system, and is especially strange when promoted as some kind of advantage for LCC companies.

All complete Reservations systems must have both PNRs and ticketing. PNRs are used to store Reservations records, whereas a single PNR can hold Reservations records for multiple passengers. The tickets, on the other hand, are always passenger--unique. Without some form of ticketing, it is difficult to imagine Revenue Accounting.

So, if ticketing is a must, why not immediately select a system with E-Ticketing. This functionality will allow an airline to enter Industry networking, when the time is ripe, without the nightmare of the belated development projects.

A different question is which parts of E-Ticketing an airline will turn on, if it decides to go ahead with Interlining, but hold off on GDS Travel Agency sales.

Most LCC companies will tell you that they do not have a desire to go in the GDS direction. However, linking with one or more partner airlines, may be a different question.

So in this respect, the solution with Industry defined E-Ticket connectivity should be a big advantage for every business model.

The challenge is just to find a solution that it is not overpriced, and is from a company which will provide you with the skills to assist in the completion of each link project, without charging you for the consultancy and implementation effort.

If one knows what to look for, there is a good chance in finding the right answer.

Does the "Name" matter?

Definitely, yes.

However, this should be part of the overall evaluation criteria, perhaps as the final step.

Some larger system vendors chose to enter the Reservations marketplace as a defensive step, and are really not familiar with the application itself, nor will they support the systems they market. An example is the highly publicized case of WestJet, and their losses a couple of years ago.

I also do not understand the latest trend and rational of some GDSs to carve out a new product labeled as a Ticketless solution for LCC companies.

As far as I can see, the main characteristic of the Ticketless solutions is a lack of support of Industry standards for connectivity to GDSs.

So it seems to me quite contradictory that we have the GDS companies promoting Ticketless solutions as somehow being advantageous for LCCs?

The only reason, I would think, a company which already offers Reservations solutions for the large airlines, would decide to start a “stripped down” version of its system, is to come up with a justification to offer an alternative below the costs they charge their largest customers.

If this is not the case, then why don't they give the same connectivity options to all of their customers, and let each decide whether to use them or not?

I would also be very careful going to the other extreme. Beware of the “nephew” who offers to build a Reservations system in a few weekends, and of companies with a solution which can be “quickly adapted” to provide the highest level Industry connectivity.

If a solution sounds impossible, it usually is.