Can Airports Match Airlines' Adoption of IATA Simplified Invoicing?

With 2,500 participants worldwide now embracing IATA's SIS as a centralised hub for billing and settlement, pressure on airports to fall in line is rising. What are the benefits for airports and is there a quick and easy way to adopt the new standard?

Revenue management across the air travel industry is complex. Airlines juggle billions of dollars in operating expenses every day as they balance the dozens of moving parts that contribute to successful flight take-off and arrival.

+ Airport operations and passenger processing
+ Ground handling
+ Engineering
+ Catering
+ Fuel
+ Repairs and maintenance

These groups will all likely use different data exchange and communication standards – including a mix of paper documentation and online billing software – and as a result, query handling is costly and time-consuming. Additionally, missing documents and lengthy invoice approval processes can all have an impact on immediate cash flow, making the processes for billing and settling supplier invoices very labour-intensive.

Say hello to SIS – a simpler way

In 2013, the International Air Transport Association (IATA) decided a different approach was needed. Aiming to automate invoicing and reconciliation audits for suppliers to airlines, this IATA project became known as the Simplified Invoicing & Settlement (SIS) service.

The SIS acts as a common gateway to exchange invoices and settlement files between core industry business partners, removing the need for multiple one-on-one interactions.

The IATA IS-XML standard contains all the mandatory information required by the invoice receivers to reconcile and facilitate payment, along with embedded data validations.

Airlines were quick to embrace the benefits

More than 2,500 operators are now connected, and a staggering $74 billion worth of invoices was processed through the SIS platform in 2016.

Airlines receive all billing documentation in one standard, consolidated electronic format for easier processing. It also makes it simpler for airlines to perform quality data analysis to check on factors such as cost-centre performance and flight profitability.

Can airports match airlines' adoption?

With airports relying on aero revenue for over 50 per cent of their income, being able to better manage this key revenue source, while increasing income assurance is worth its weight in gold. Indeed, airports who have already embraced SIS are reaping the rewards:

+   Manual effort and time issues are reduced as airports can now interact with airlines in one single format.

+   Payment cycles are improved as standardised invoice formatting and validations ensure there is no missing data. It also reduces the chance of rejections as airlines have all the required information needed to action payments.

+   The managed SIS service means all invoicing are handled by the IATA, freeing airports' commercial and finance teams up to focus on developing value-add activities

Barriers to compliance are coming down

Despite the benefits, many airports have been slow to adopt the new standard. Legacy billing systems have been a handbrake; already expensive to maintain, the manual coding needed to comply with the new standards is a further roadblock to progress.

But, with pressure building for airports to fall in line, many managers are seizing the chance to review and overhaul their entire aero billing process to match airlines.

AGS Airport Ltd. (Aberdeen, Glasgow, Southampton) in the UK adopted SIS in 2016. Initially anticipating

a few problems as a new interface was configured, airport management found the process seamless thanks to sound planning and a strong vendor partnership.

"Our billing software partner Veovo, had dedicated SIS specialists, comprehensive configuration document and well-established communication processes, making the whole transition far easier. Efficiency gains for us have been significant. SIS is now processing aeronautical income streams for AGS, and we have reduced debtor days, slashed stationery and postage costs and improved our service to airlines."

Lynn McGregor, Finance Central Services Team Manager, AGS Airport Ltd.

Veovo has been an early partner with IATA, working with the association to ensure its aeronautical billing engine is fully SIS compliant, and to ease the transition to the new billing standard for its airport partners.

"IT billing providers are important partners in facilitating the adoption of SIS by the aviation value chain. As an early adopter, Veovo has worked closely with IATA to ensure its billing engine is compliant with SIS and can deliver the efficiencies of SIS to its user group,"

said Juan Antonio Rodriguez, IATA's Director, Financial and Distribution Services Operations.

For airports facing tightening revenue margins, matching the massive efficiency strides made by airlines in recent years is possible with some forward thinking and the right software provider.