

# TYPE -B MESSAGING COST REDUCTION PROJECT

## Project Overview

PRESENTED BY



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## INTRODUCTION

IATA Teletype B Messaging, a communication system inherited from the early 1920s, still handles today the bulk of most airlines' data distribution around the world making it ideal for mission critical processes.

The messaging infrastructure observed at most airlines today is the result of decades of successive enhancements, changes, replacements or deletions, which for the most part have taken place with no clear communication strategy as a backbone. As a result, Teletype B Messaging costs have dramatically soared over the years at many airlines. Yet significant savings can easily be achieved through a methodical audit of the airline's communications policy and the application of simple rules and a well-thought discipline.

Working in close cooperation with the airline teams concerned, Airsource Partners' mandated experts start their investigation with a thorough review of the airline's messaging/communication strategy. The airline's communication infrastructure from its origins to the present days is analyzed in detail. Airsource Partners' experts pursue their audit with a detailed and documented analysis of the past and present Type B traffic and volumes observe at the airline in order to identify potential areas of improved efficiency and cost reductions.

At the conclusion of their work, Airsource Partners' experts present a comprehensive report summarizing their findings and recommendations to the Management Team of the airline.

At the airline's request Airsource Partners experts can implement and monitor the proposed recommendations on site at the airline or supervise remotely the implementation from a distance. Airsource Partners can also assist the airline in the re-negotiation of its existing Type-B contract.

Airsource Partners is now partnering with a technology provider of world renown offering a suite of modules aimed at managing all types of mission critical IATA aviation messaging, including Type B messaging. The implementation of the optional highly scalable solution can be done within 24 hours in most environments and leads to substantial extra savings very rapidly. Airsource Partners' proposed Type B Cost Reduction Project lays the foundations for a long term and most effective use of the solution proposed by our technology partner.

## **1. PROJECT OVERVIEW**

### **1.1. Business Issue/Opportunity**

IATA Teletype B Messaging has been used extensively and successfully by airlines for many decades. It is a convenient short-hand means of distributing data around the world easily, making it ideal for mission-critical processes. It is considered a reliable, secure and available at all times operating messaging protocol. However it is representing today a major financial burden at many airlines due to the fact that it is expensive and the messages continue to increase every year due to many factors, including regulatory changes, security mandates and increasing passenger volumes as well as increase in size as new technologies and new requirements for data emerge.

Yet significant savings can be achieved easily and promptly with a thorough and methodical audit of the airline's communication strategy.

### **1.2. Expected Benefits**

Airsource Partners' communication specialists audit the applications currently in use at the airline to generate Type B traffic with the aim to optimize the airline's current processes and infrastructure.

For example:

- Is the airline not sending too many Type B messages?
- Is the airline sending too many messages to too many people?
- Are messages exchanged sent with the proper level of priority?
- Is the airline still paying for dormant circuits with no traffic?

Best practices in the industry related to communications are looked at in detail. The airline's performance will be benchmarked with the performance of other airlines of a similar type.

A detailed analysis of the most recent invoices sent by Teletype B providers is performed with each Teletype B-related cost item methodically analyzed. It is not uncommon to see airlines paying for lines or circuits inactive for years. The use of alternative technologies and solutions is looked at whenever possible.

Cost reductions can be done also through an efficient and rigorous use of today's technology and alternative methods of connectivity. Airsource Partners is partnering with a major technology company that provides efficient cost savings and productivity improvement solutions. The use of alternative solutions is envisioned and evaluated.

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## 2. PROJECT DETAILS

The proposed Project comprises of 5 different phases. Some of which are taking place on site at the airline. Others can be done remotely from Airsource Partners offices.

- Phase 1: Scoping Study (on site at the airline)
- Phase 2: Data Analysis (off site – based on documents collected during Phase 1)
- Phase 3: Preparation of recommendations (off site)
- Phase 4: Review of the findings with the airline's teams involved in the study. Presentation of the final results to the airline's Management (best on site)
- Phase 5: Implementation of the recommendations & results monitoring (optional). Decision on Phase 5 can be done at a later stage during the Project).

The following paragraphs go in detail over each one of the main phases of the proposed Project and the methodology used by Airsource Partners' experts throughout the study.

A cost overview is included in the last section of the present proposal.

### 2.1. Team Effort

Airsource Partners' experts work in close cooperation with the airline's Management and IT teams during any stage of the Project.

During Phase 1 the experts study the airline's messaging/communication strategy and perform an initial analysis of the communication infrastructure in order to assess the airline's environment.

During Phase 2 the experts pursue their audit with a detailed and documented analysis of the past and present Type B traffic (volumes) in order to identify areas of improvement and estimate potential savings. Best practices in the industry are looked at. The communication strategy of the airline is benchmarked against the strategy of other airlines of a similar size and model (legacy carriers, LCCs, hybrid carriers, ..). In particular, a methodical analysis of past and present Teletype B invoices is performed. Each cost item on the invoices is thoroughly examined. Teletype B Messaging invoices are detailed and lengthy documents that are not always easy to understand and might deter airlines from reviewing them in detail.

Upon completion of Phase 2, Airsource Partners' experts proceed with the preparation of recommendations. A comprehensive report detailing all findings and actions that should be taken (Phase 3) is handed to the Management of the airline.

Phase 4 includes the review of the findings with the airline's teams involved in the project as well as a formal presentation of the final results to the airline's Executive Team.

Optional Phase 5 is conditional upon the airline opting to seek assistance from Airsource Partners in the implementation of the recommendations and the monitoring of the changes resulting from the Project.

## 2.2. Goals & Objectives

The following table lists the various business goals and objectives supported by the proposed Type-B Messaging Project:

Business Goals & Objectives	Description
Telecom costs reduction	Following the audit and analysis of both operational and business requirements the overall costs are reduced significantly
Timely and accurate reporting	The tool used during the Project allows speedy, accurate and efficient reporting at the end of each month and year
Staff efficiency improvement	Project allows a redeployment of staff to other more value-adding tasks and areas
Overhead costs reduction	Fewer staff required to perform today's tasks more efficiently to reduce airline's overheads
Infrastructure costs reduction	Anticipated new and alternative technologies reduce infrastructure costs
Training / Best Practices	The learning experience drawn from the Project position the airline better for the future

## 2.3. Project Assumptions

The following assumptions apply to the proposed Type-B Messaging Project. As Project planning begins and more assumptions are potentially identified over time, they will be added to the following list.

- Airline makes internal resources available on the Project as needed
- Project has full support and backing from the airline's executive team
- Airline makes all information on invoices, infrastructure and information systems available to the mandated experts as needed throughout the course of the Project
- Airline makes existing contracts with Type-B providers available to Airsource Partners.

## 2.4. Project Phases

The following table provides a detailed step description of each phase.

## PROJECT DESCRIPTION

<b>PHASE 1 – Scoping study on site at airline</b>
<ul style="list-style-type: none"> <li>• Preparatory work by Airsource Partners experts</li> <li>• Review Messaging / Communications strategy</li> <li>• Initial Analysis of Communication Infrastructure</li> </ul>
<b>PHASE 2 – Data Analysis</b>
<b>Step 1 - Infrastructure set up review</b>
<ul style="list-style-type: none"> <li>• Document data connections per country and location</li> <li>• Analyze speed, circuits and connection types</li> <li>• Review current contracts in place with Type-B providers</li> <li>• Review 3<sup>rd</sup> party tool/vendor telecommunications environment</li> </ul>
<b>Step 2 – Information systems review</b>
<ul style="list-style-type: none"> <li>• Review all Information systems generating Type-B messages</li> <li>• Review interfaces with other systems generating Type-B traffic</li> </ul>
<b>Step 3 – Invoices audit and analysis</b>
<ul style="list-style-type: none"> <li>• Identify Active / non active addresses</li> <li>• Identify messages generated by systems sent to non-active addresses/redundant destinations</li> <li>• Verify correctness of charges applied in invoices</li> <li>• Validate prices against agreement or general tariff and identify variances</li> <li>• Identify stations/locations generating the biggest traffic and why</li> </ul>
<b>Step 4 - Business requirements definition</b>
<ul style="list-style-type: none"> <li>• Review current and future business requirements</li> <li>• Adapt the requirements to the overall telecommunications strategy</li> </ul>
<b>Step 5 - Infrastructure requirements definition</b>
<ul style="list-style-type: none"> <li>• Review current and future infrastructure requirements</li> <li>• Review IT Strategy of the airline</li> <li>• Adapt the requirements to the overall telecommunications strategy</li> </ul>
<b>PHASE 3 – Preparation of Recommendations</b>
<ul style="list-style-type: none"> <li>• Reports as to the Invoice Analysis/ Telecommunications Agreement Findings</li> <li>• Report as to the way each information system should be generating specific messages</li> <li>• Report on any other findings outside the scope of this project that surfaced during the study</li> </ul>
<b>PHASE 4 – Review findings with airline’s Management</b>

## 2.5. Project Duration Estimates

The following table is an estimate of the duration of each Phase of the proposed Project at a typical small or medium-sized airline. The exact duration of the Project depends on the size of the airline, its network as well as the final scope of the final contractual engagement between Airsource Partners and the airline.

The successful and timely completion of the Project also depends for a large part on the level of availability and responsiveness of the airline's personnel required on the Project. It is recommended that the final presentation of the results of the Project be done at the airline's site too. Potential follow up actions will be discussed during the final presentation of the Project findings to the airline's Executive Team.

The following estimates for the duration of each Project phase are given for indicative purposes only. Final numbers are reviewed with the airline as part of the discussions on the scope of the proposed Project. The estimates reported in the table below do not constitute a contractual engagement from Airsource Partners. Based on previous experiences, they however represent a good and reliable estimate of the amount of time needed to complete the proposed Project activities at a medium-size airline. Airsource Partners experts will make their best effort to complete the Project within the agreed timeframes.

Project Phases	Estimated Duration
PHASE 1 – Scoping Study ( <i>onsite</i> )	3 days
PHASE 2 – Data Analysis ( <i>off site</i> )	15 days
PHASE 3 – Preparation of Recommendations ( <i>off site</i> )	5 days
PHASE 4 – Review findings. Presentation of findings to the airlines' Management Team ( <i>on site of applicable</i> )	1 day
<b>Total Project Estimated Duration</b>	<b>24 days</b>
PHASE 5 - Implementation and monitoring of retained recommendations ( <i>OPTIONAL</i> )	tbd

## 2.6. Extra Savings & Efficiency Brought by Technology

An innovative Message Broker solution developed by one of Airsource Partners' Marketplace members enabling the airline to standardize and secure its electronic data

interchanges for a wide range of protocols is available as a complement to the present study.

With the tool, airlines can expect up to 75 % additional savings on their existing Type B / Type X / EDIFACT transmissions & data management cost. The proposed tool is the perfect solution for storing, routing and parsing all type B messages.

More information about this solution will be provided to the airline during the Project. Alternatively airlines can visit the corresponding Project ([Message Broker for Teletype B integration & Savings](#)) on the Project Board of Airsource Partners' web site ([www.airsource-partners.com](http://www.airsource-partners.com)).

### **3. COST OVERVIEW**

#### **3.1. Fixed cost Project**

A typical Type B Project is proposed at a fixed cost (net of any expenses, duties, taxes and VAT potentially applicable).

Other options such as a Success Fees Agreement based on the level of savings achieved at the conclusion of the study or an initial commitment from the airline on Phase 1 only (with remaining phases coming on the basis of the findings on potential savings) can be envisioned also.

A separate cost quotation for the tool mentioned in section 2.6 of this document can be provided at any time.

#### **3.2. Travel and Transportation Expenses**

At a minimum the Project requires one trip to the airline's main site by the mandated expert(s) for the kick off meeting and the Scoping Phase. In general the maximum duration of the initial stay at the airline's main office is around 3 working days. A second trip for the presentation of the Project output to the airline management is highly recommended. Any decision regarding the second trip can be postponed until the Project has reached a more advanced stage.

The airline is requested to reimburse Airsource Partners for the normal travel expenses incurred by the mandated expert in preparation or during the conduct of the Project when the expert is away from his/her home base in Europe.

Alternatively the airline may arrange directly travel, food and lodging for Airsource Partners' expert.

#### 4. CONTACT

Any inquiry regarding this proposal and the proposed Project can be directed to:

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