IATA’s ONE ORDER

> What it is
> Why it could revolutionize travel management
> Why travel buyers need to engage with it now
At Nina & Pinta our approach has always been to support and enhance our customer activities through a combination of consultation, value creation and training. Indeed our name itself is based on the two support ships that accompanied the Santa Maria on Columbus’s voyage to the new world. The spirit of Columbus is with us still as we stand at the brink of a new world in corporate travel management with the imminent arrival of IATA’s One Order de-regulation.

One Order will change the way we buy, sell, contract, measure and manage corporate travel services and products; while opening our markets to new entrants and more than allowing enterprises the opportunity to make choices in the interest of their travelers and companies. You can truly be the Travel CEO! We have been trapped in a business model that, while revolutionary in the 1960s, is long past its sell by date today. The only barrier to breaking this model that remains is in the way we pay and invoice for services – its time to change this for good. As a non-Executive Director of Nina & Pinta I’m delighted to see the growth of our business and the trust our customers have placed in us over the last 4 years. We look forward to joining you as we journey to this new world together – see you soon!!

WELCOME TO THE NINA & PINTA WHITE PAPER
IATA’S ONE ORDER

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EXECUTIVE SUMMARY – ONE ORDER IS SET TO TRANSFORM CORPORATE TRAVEL

FOCUS ON ONE ORDER, NOT NDC
If you are a travel manager, you have probably heard of New Distribution Capability. NDC relates to how airlines sell indirectly – through travel management companies or corporate online booking tools, for example. It is a set of standards that shifts these indirect channels from decades-old technology to much more flexible and dynamic Web-based retailing.

Arguments rage over whether NDC is good or bad for corporate buyers. NDC has also become caught up in a wider battle between airlines, global distribution systems and others over distribution costs. But at Nina & Pinta Consulting we think these debates miss the point.

NDC is only the first of a two-stage strategy from airline body the International Air Transport Association to move airline sales and customer management into the digital world two decades after most other industries. We strongly believe it is the second stage, ONE Order, which will really make a difference to buyers.

ONE ORDER IN ONE PARAGRAPH
ONE Order creates a single ID and record to replace three separate documents airlines issue today:

- Passenger name record (PNR)
- Ticket
- Electronic miscellaneous document (EMD – for ancillary sales like checked bags)

It is a Web-based data communication standard that handles everything to do with an air booking (or “order”) once the sale has been made. Examples include accounting, recording amendments and reporting.

WHY THAT’S REVOLUTIONARY
On the face of it, replacing PNRs and tickets with a digital order management process doesn’t sound very exciting. But ONE Order could prove the biggest revolution in managed travel since online booking tools launched in the 1990s:

- ONE Order casts off the shackles of travel industry-specific technology. The way airlines, and their corporate clients, handle reservations will finally look a lot more like how any other purchase is managed by sellers and buyers today.
- Corporate clients could potentially introduce tech tools from anywhere to handle their bookings, manage data, provide services for travellers and basically design their travel programmes as they like.
- Not only the air booking but the whole trip, including hotel, car rental and anything else you want, can be stored and managed in a single record.
- ONE Order could make airlines much more joined-up in their sales and revenue management, allowing them to manage corporate customers far smarter than today.
ENGAGE NOW TO TURN A THREAT INTO AN OPPORTUNITY

ONE Order could also work against travel buyers’ interests. Airlines could ignore the corporate client paying the bill and interact even more directly with travellers.

It is this doubled-edged potential for ONE Order, either to harm or help travel buyers, which explains why Nina & Pinta is issuing this white paper as a call to arms. Buyers (and those who support them, including consultants and TMCs) need to educate themselves NOW about ONE Order, while it is in its infancy.

Then they have to work together. The buyer community must engage with IATA and its member airlines to voice their needs so that this powerful new concept becomes a win-win for them as well as carriers. If buyers don’t engage now, the rules could be written for a new game they have to play but had no involvement in creating.
WHAT IS ONE ORDER?

GOODBYE TO PNRS AND TICKETS

NDC provides the tech standards that move retailing and distribution into the e-commerce world. At a simple level, ONE Order completes the story by making ticketing and billing Web-based too.

Today, full-service IATA member airlines create at least two separate documents for every record they receive:

- Passenger name record (reservation record)
- Ticket (legally binding proof of payment and accounting document)

There is often a third document too:
- Electronic miscellaneous document (record of ancillary, non-fare purchases)

Originally these documents were issued on paper. IATA completed taking them electronic more than a decade ago, but didn’t change the underlying process, which meant that airlines’ reservation and accounting systems remained unconnected. In future, ONE Order will replace the PNR, ticket and EMD with a single order management process that operates much like how orders are handled online in other sectors.

ONE ID, ONE TRUTH

Key to this unification of booking and accounting functions is the creation of a universal customer ID for every reservation. The same single ID can be used:

- By any airlines that are involved in the booking if the passenger is flying on more than one carrier.
- By any distribution systems through which the booking is made.
- For any ancillary service bought after the initial booking.

A universal ID means there is now a single version of the truth for every booking:

- If one department in the airline updates the ONE Order record, other departments can see it too.
- The same is true for authorised third parties like the traveller’s TMC, an airport ground handler or another airline being flown on the same itinerary. All these parties can make and view amendments to the record.

TIMELINES

IATA said in a strategy paper, published May 2018, that its key milestone targets for ONE Order are:

- **2018** - STANDARDS/PILOTS
- **2019** - CERTIFICATION
- **2020** - INITIAL INDUSTRY CAPABILITY

The plan for 2019 is to “create a framework to monitor the level of ONE Order capabilities of IT vendors, especially those entities that will provide the Order Management System on behalf of airlines.”
THE BENEFITS FOR AIRLINES

IATA PLAYS CATCH-UP WITH LOW-COST CARRIERS
ONE Order doesn’t just bring IATA’s full-service airlines in line with how other sectors do e-commerce. It also makes them more like low-cost carriers, nearly all of which operate Web-based order processes rather than separate PNRs and tickets.

NEW IT PARTNERSHIPS
By becoming part of the normal, digitalised commercial world, instead of operating along specialised aviation IT rails, airlines will potentially gain a wider choice of technology partners. That opens up the potential for price competition and innovation.

HUGE EFFICIENCY GAINS
Today, IATA airlines use different systems to handle orders (the PNR) and payment (the ticket) for the same booking. That means reconciling two sets of data in a manual back-office process. ONE Order’s single customer record ends this inefficiency, which could mean significant admin savings.

A unified process also improves ancillary sales. ONE Order makes accounting for them easier than through today’s EMD, which is hard to reconcile with the original booking to which the ancillary relates.

JOINED-UP OPERATIONS
There is a crucial strategic benefit to having one record, one process and one set of data. Airlines are less joined up than outsiders might think, with departments such as sales, revenue and customer service all looking at different information. In theory, a single source of truth should help carriers build a much fuller understanding of their customers. They can look after those customers better, market to them better and generally take fuller ownership of the relationship.

More knowledge also gives airlines more power, which is why ONE Order is potentially both a threat and an opportunity for corporate clients (more later).

NEW SALES OPPORTUNITIES
Broadly speaking, airlines today are suppliers in the business travel sector. They aren’t retailers because their industry-specific technology only allows them to handle their own product.

ONE Order moves airlines to an e-commerce platform interoperable with other parts of the travel industry, and beyond. That means now they can potentially become retailers by packaging hotels, car rental and other travel services along with the flights they already sell.

It need not stop there either. A single customer ID opens up many more possibilities for airlines to cross-sell for the same trip. Just a few examples include insurance, restaurant bookings ... perhaps even security services like traveller tracking.
THE BENEFITS FOR TRAVEL MANAGERS

ONE ORDER PROMISES MUCH MORE THAN NDC
At Nina & Pinta we consider the benefits of NDC for corporate clients to be limited. The main advantage is that potentially it could make corporate booking tools more visually appealing, and therefore boost compliance with managed travel programmes. But most booking tools haven’t directly introduced NDC distribution pipes yet, so we don’t currently have this benefit.

ONE Order is much more promising for travel managers. It has the potential to transform many aspects of managed travel for the better.

The benefits already described for airlines also translate into advantages for their corporate clients, but there is the opportunity for much more besides. Some of the advantages listed below, like improved disruption management, look nailed-on certainties. Others are more hypothetical. A comparison can be made with the birth of the Internet: ONE Order offers possibilities for innovation restricted only by our imaginations. At this point, we can be confident big change is coming, but not exactly what shape it will take.

IMPROVED DISRUPTION MANAGEMENT
A single source of truth about a booking should make it much easier to help travellers whose journeys are disrupted. Ground handlers, for example, will instantly see full trip details for the passenger. If the passenger is re-scheduled to a different flight, this information will be visible to the traveller’s TMC and any other airline involved in the itinerary.

THE CONNECTED TRIP
A combination of a single unique ID, single trip record and interoperability beyond the aviation industry could open many exciting new doors. Just one example is the opportunity to focus in an unprecedented way on integrated management of an entire trip, not just the flight element. If accommodation, car rental, dining and more were all located on the same ONE Order ID, comprehensive analysis and management of total trip cost and expense would arguably become a reality for the first time.

Much will depend, however, on how willing IATA and its member airlines are to integrate with other parts of the travel industry.

MAKING NDC WORK FOR CORPORATE CLIENTS
Nearly all corporate clients today employ TMCs, which are under heavy pressure from leading European airlines to start booking through NDC-standard pipes.

Technically, booking NDC fares is not especially difficult. The main challenge for TMCs is that NDC bookings belong to the new, Web-based world, so that although they generate a booking record it is not in the technical
format of a PNR, which belongs to the old airline tech world. Nearly all TMCs today operate tech stacks that rely on PNR files to manage many of the essential tasks they perform for clients, such as generating management information and feeding traveller tracking tools for duty of care purposes.

ONE Order solves this problem at a stroke because PNRs no longer exist. Instead, both the shopping (NDC) and order management elements (ONE Order) run to compatible standards, and so data flows seamlessly from the one to the other. It is just like the seamless connection between purchase and order in the rest of the e-commerce world.

SMART(ER) CONTRACTS

ONE Order could transform negotiated corporate agreements with airlines. Today, there is a data mismatch. When travel buyers sit at the negotiating table, their purchasing information is often PNR-based, supplied by their TMC. The airline sitting across the table has ticketed data.

With ONE Order, there is only one set of data. Both sides see a single, transparent version of the truth. One small example is pro-ration: the sharing of revenue on an itinerary involving more than one airline. Buyers often can’t see how the revenue is pro-rated, leading to distortions in their picture of total route or airline spend.

ONE Order could also show clearly how both parties are delivering against a corporate deal. And it could also enable smart contracts (a concept familiar to students of blockchain). So long as the contract is fed by incontestable ONE Order data, the fare can be automatically adjusted according to how well the client is meeting volume, market-share or other agreed commitments. We believe this kind of contract has great potential to accelerate the speed at which negotiated air deals are finalised and make managing them much more efficient.

A JOINED-UP RELATIONSHIP WITH THE AIRLINE

There can be few other sectors where a vendor receives sometimes millions of euros/dollars/pounds annually from a corporate customer but doesn’t understand their buying patterns, booking behaviour or sometimes even know who that customer is.

One explanation for lack of corporate recognition is the siloes created by some airline departments working with PNR data and others with ticket data. It explains in part why airline revenue management departments treat customer spend route-by-route rather than in the round.

Once airlines consolidate data and customer identity under ONE Order, revenue management and sales departments should gain a co-ordinated view of spend by corporate clients. That could lead to more strategic engagement with the customer, searching harder for discount opportunities that work both for the airline and the corporate client.
EFFICIENT CORPORATE PROCESSES
With ONE Order effectively creating a “normal” order process, businesses can start treating airlines, administratively speaking, like any other supplier. Payment by invoice could become possible, as would the ability for airlines to export data directly to clients’ accounting systems.

NEW TECH PROVIDERS WITH NEW IDEAS
As discussed earlier, the normalisation of airlines’ e-commerce technology could usher in new-entrant providers for them. Equally, new providers (including existing e-commerce providers from outside travel) could be attracted to build travel buying and management platforms for corporate buyers. With much of the technology no longer industry-specific, cost of entry could fall significantly.

BUILD YOUR OWN TECH STACK
Cheaper, easier technology even creates the intriguing possibility of progressive travel buyers building, or at least customising, some of their own tech stack.

ONE Order fits a trend towards more “agile” technology already being investigated by pioneering travel managers. Agility is really about greater interoperability. In the context of managed travel that means harnessing tech tools from a wider range of suppliers, rather than simply relying on a TMC and perhaps one or two others to provide a ready-made product suite.

In future, ONE Order could help travel managers take greater control of their own tech destiny, and remove long-standing constraints on innovation.
THE CHALLENGES

We believe all the opportunities for travel managers outlined here will technically be possible. But turning theory into practice is never that simple. A complex mesh of economic relationships, vested interests and sheer inertia make progress far more uncertain.

ONE Order faces challenges getting off the ground. Even if it does, still more barriers will block the way to achieving some of the Utopian benefits described above. Just a few issues to consider include:

AIRLINES NEED TO INVEST
Carriers will have to design brand new processes to handle ONE Order data flows and ensure their existing systems can handle them – or introduce new ones. Airline CFOs will need to be very sure of the return on investment before approving significant outlays.

There will also be a difficult interim period when carriers would have to run old and new processes in parallel.

OTHER PARTIES WOULD HAVE TO INVEST TOO
The most obvious example is TMCs, and that’s for a low-margin sector. Arguably, however, TMCs will soon have to make their technology more agile anyway.

WILL COLLABORATION HAPPEN?
Even if ONE Order is essentially about using more interoperable technology, that doesn’t mean airlines, TMCs, GDSs and others will all start sharing nicely to ensure smooth data flows. Entrenched interests may intervene.

UNINTENDED CONSEQUENCES
There is a compelling case to move away from PNRs and tickets but these formats are embedded deeply within the working practices of the travel and aviation industries. There could be some nasty surprises when, for example, tickets as we know them today cease to be used.

WHICH CUSTOMER?
This is the big concern for buyers. ONE Order creates an opportunity for airlines to build deeper relationships with corporate clients, but will airlines consider that opportunity worthwhile? The continuing existence of frequent-flyer programmes is a reminder that carriers often view passengers as their true customers, regardless of who is paying. ONE Order is likely to help airlines understand their passengers even better. Will they want to work closer with corporate clients too – or elbow them out of the way?
A CALL TO ARMS – EDUCATE, UNITE, ENGAGE!

We have written this white paper because we believe that over the next few years ONE Order could change managed travel radically. Buyers need to understand what ONE Order is and get involved in its development, otherwise the change may not end up to their liking.

EDUCATE
Find out everything you can about ONE Order. There are few online resources at the moment other than IATA’s own website: https://www.iata.org/whatwedo/airline-distribution/one-order/Pages/index.aspx. So talk to your preferred airlines about their plans for ONE Order, and what those will mean for you. Ask your TMC too; it should also be thinking about this issue.

UNITE
You will barely see anything on the IATA website about the implications of ONE Order for corporate clients. Hardly surprising: IATA’s mandate is to serve its member airlines, not travel managers. But that’s why buyers must pull together to make their voices heard. We believe the leading travel management associations need to put ONE Order high up their agendas and, ideally, collaborate to show unanimity.

ENGAGE
As a clearer picture emerges, buyers’ representatives will need to lobby IATA and its member airlines forcefully to shape ONE Order as a win for both parties. Key to this will be making airlines understand clearly what buyers want from ONE Order. One demand, for example, could be that airlines make their unique customer IDs accessible to non-aviation suppliers like hotels, so that corporate clients can manage the entire trip within the ONE Order process.
Nina & Pinta is a dynamic and integrated skills development solution for the corporate travel industry. Its expert consultants help build sustainable businesses that adapt and evolve through strategic consulting and facilitated learning. The company offers strategic business consulting services and training courses in procurement, sales effectiveness and operational customer service skills.

Nina & Pinta service offering includes:

- **Strategic consulting services**
- Programme Management & Vendor Sourcing – Please contact us to arrange a demo of our Air Data Dashboard that allows you to view your air spend in an independent interactive format – powered by the Data Exchange
- **Bespoke CPD Certified Training courses**

For more information, visit www.ninaandpinta.com