



**Lufthansa Systems**

AIRLINE  
CONSULTING

## New Distribution Capability (NDC)

# Get a better grip on all passenger prices!

In your business environment, it is extremely hard to generate the necessary revenue to cover your costs. There are two important reasons for this problem:

1. You are separated from your passengers by the Global Distribution Systems (GDS) who act as middlemen between you and customers. This means you have no direct contact with your customers in the offer phase, and you also pay hefty fees for using the GDS.
2. At the same time, it is almost impossible to respond quickly to market changes. Your systems are just too sluggish.

### Have you had enough of this?

Thank goodness for IATA's NDC. It allows you to communicate directly with your customers and offer them any product you like. NDC enables you to:

- become less dependent on the GDSs
- implement additional and superior direct or indirect distribution channels
- offer products and services that differentiate you from your competitors
- implement new concepts for personalized offers and marketing activities
- increase revenue with real-time decisions based on dynamic pricing concepts
- effectively streamline backend processes such as payment and revenue accounting

NDC is not only an initiative – it is already a **must-have** in your retailing strategy.



### Airline Consulting

We provide unbiased support for any make or buy scenario and can draw 3 out of 3 resources: Airline Process Competence, IT Expertise, Management & Methods excellence



## Impact on your revenue management

You will be able to make all inventory management, pricing and offer composition decisions in real time.

### Benefits:

- Better management of demand and offer content
- Near real-time reaction to demand changes and competitive situation

## Impact on your pricing

You can implement continuous price points defined in real time instead of having to rely on a finite set of posted prices. Furthermore, you can implement customer-centric pricing.

### Benefits:

- Revenue-optimal pricing resulting in up to 6% additional revenue\*

\* "Dynamic pricing – The next revolution in RM?", Thomas Fiig et al., *Journal of Revenue & Pricing Management* 2016, Vol. 15 (5), pp. 360-379.

## Impact on your distribution

You can open a direct communication channel with your customers and can make customer-centric offers.

### Benefits:

- Lower distribution costs
- Shorter time to market, e.g., for new products and processes
- First step towards an omni-channel distribution strategy

## Impact on revenue accounting

You can prevent order creation and inventory blocking if the conditions of an offer have not been met. Data will be processed and matched on a transactional level in real time. Interline proration will no longer be necessary, as your partners will confirm interline values during the offer/ order process.

### Benefits:

- Cost savings due to simplified interline processes
- Improved reporting on the flight level
- Less need for revenue integrity checks
- Simplification of financial management and accounting processes

These are exemplary areas that will be impacted by NDC. Further process domains like codesharing can be expected to be affected as well.



## Consulting offers

### > Module 1 – Basic briefing – “NDC and its consequences for airline business”

**What we do:**

Have you heard about NDC but can't quite define it yet? In this workshop we'll lay the foundation for understanding this new development. We'll break down what NDC is, what opportunities it offers, what effects it will have on your business and where current developments stand. In the end, you will be equipped to talk competently with current NDC experts.

**Format:** Workshop

**Length:** 1 day

### > Module 2 – NDC maturity analysis – “NDC: to do or not to do”

**What we do:**

Are you wondering whether you should take action on NDC – and if so, how you should approach the topic? We'll help you understand where you stand today by performing an analysis of your digitalization strategy, revenue management and distribution practices and how you handle your revenue accounting. We'll then benchmark your airline against what others in the market are doing about NDC. In the end, you will have a set of concise criteria to enable you to decide for or against taking action.

**Format:** Individual analysis through document analysis, workshops and interviews

**Length:** 1-2 weeks

### > Module 3 – NDC strategy development – “Your path to NDC”

**What we do:**

Have you decided to start preparing your airline for the NDC future? Then you need a road map. We'll help you devise a clearly structured strategy for getting the most out of NDC opportunities. Following a detailed as-is analysis of your airline and market developments, we'll outline the actions to be taken, required conditions to be created and skills to be onboarded so you can benefit from embracing the NDC standard. In the end, you will have a clear set of prioritized actions to start you on your journey towards the NDC future.

**Format:** Individual consulting

**Length:** 1-2 weeks

Feel free to contact us with any questions you might have regarding NDC. We will be happy to discuss the topics that interest you.

