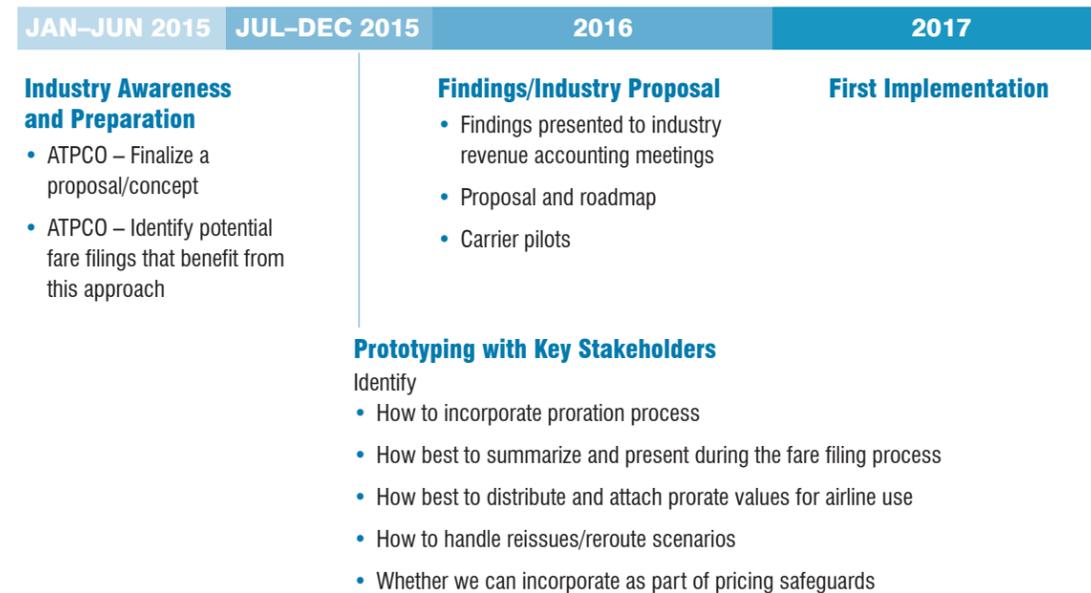


# Determine Coupon Values at Time of Fare Creation

*Leverage your industry assets to simplify settlement for both traditional and NDC distribution*

Our goal is to work with you to discover the answers to these and other questions, using both public fare data and industry proration, and to work individually with airlines and their partners to evaluate reporting requirements.

A timeline for the future of determining coupon values

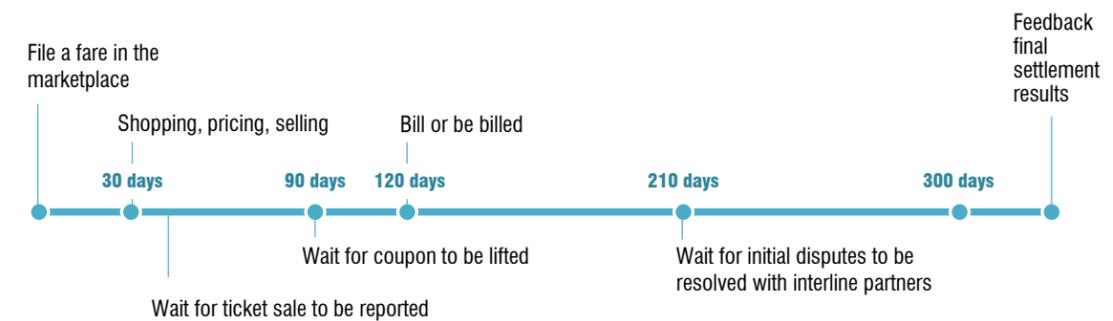


For more information please contact [A-AServices@atpco.net](mailto:A-AServices@atpco.net)

## Current coupon values: Too late to optimize

The creation of fares or offers for interline travel is complex; with millions of potential ways to sell each interline fare, the intended revenue results can be difficult to predict. Once the fare is sold, coupon values are determined by prorating ticket sales data, and interline billing and settlement begins.

Do you recognize this timeline?



Today, coupon values are determined too late to maximize revenue and settlement

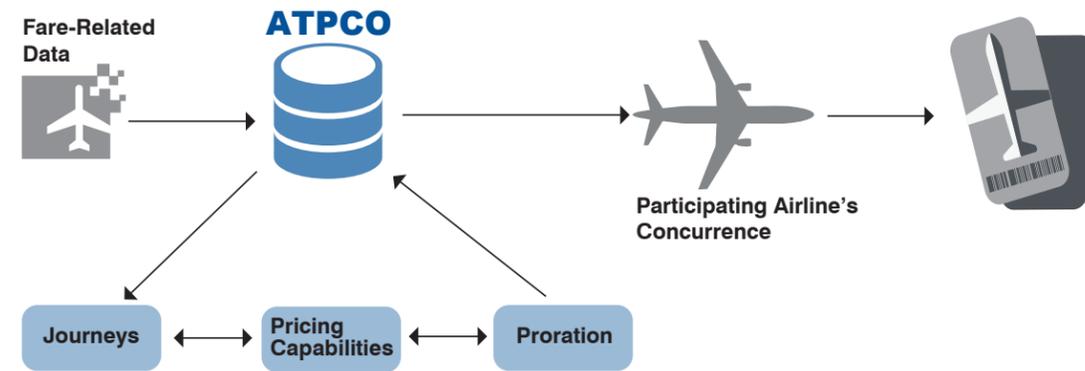
Not only is the final route revenue uncertain for months after the creation of the fare or offer, settlement values are determined according to bilateral agreements and base amounts that change quarterly at their most frequent and can't keep pace with dynamic offer generation and hourly fare and rule distribution.

## A new concept becomes reality

Imagine the next generation, where your revenue management team can assess the likely yield at the time the fare or offer is created, and that value can be used downline in revenue accounting, both at the time of sales accounting and at the time of interline billing and settlement. How will this work?

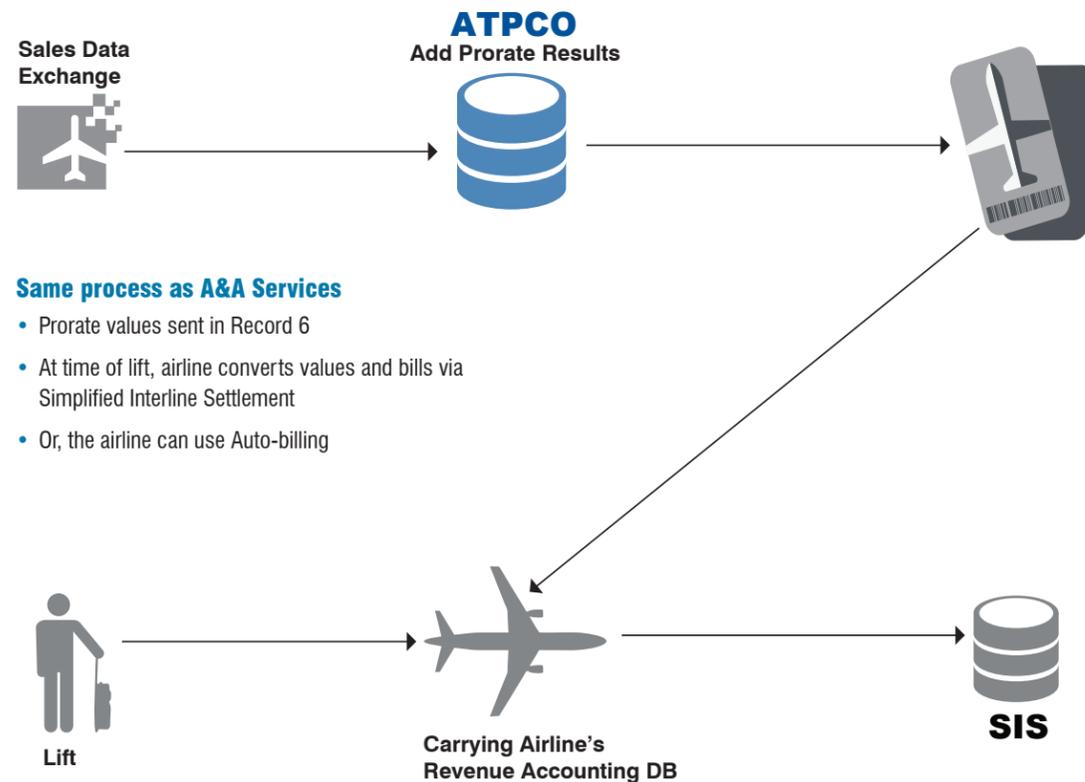
- You create the fare or offer
- ATPCO generates all possible permutations of a sold interline journey, based on the validation of routings and rules such as flight eligibility and permitted transfers
- Each coupon value is determined at the total price level, that is, for the fare, surcharges, and any taxes (includes both industry methodology proration and bilateral agreements)
- The information is reported pre-distribution to show whether
  - The primary carrier has any very low value yields compared to local fares
  - Any participating carrier will non-concur at the RBD level because of a low prorate share

**A new concept for determining coupon values**



At this point, each carrier participating in the fare is comfortable with the yield they will receive for operating a route. The next step is the sale and fulfillment of a product. We anticipate that the pre-determined coupon value will be added to sales information (a regular electronic ticket, an electronic miscellaneous document [EMD], or even an NDC transaction) and sent to the selling, marketing, and operating airlines' revenue accounting systems. This consistent coupon information means that all carriers in the interline transaction should agree on the value with no need for costly disputes.

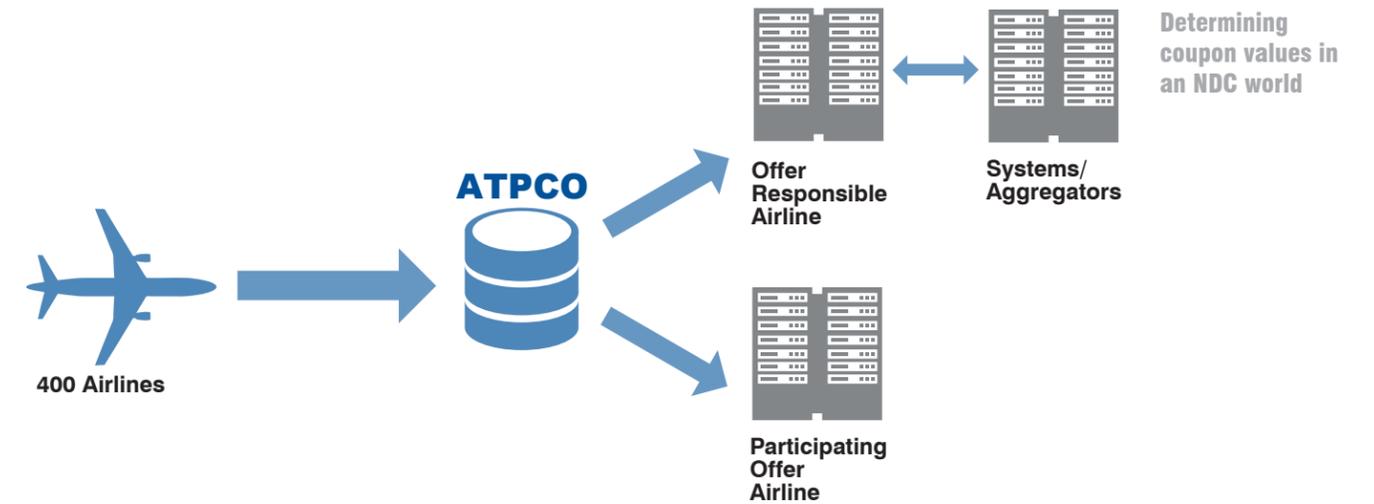
**Distributing coupon values and sales information**



**Same process as A&A Services**

- Prorate values sent in Record 6
- At time of lift, airline converts values and bills via Simplified Interline Settlement
- Or, the airline can use Auto-billing

The major benefit of this approach is that the process can be simplified for traditionally distributed and fulfilled transactions, and can also incorporate NDC transactions with little or no change.



In fact, there is a high value to NDC implementation in leveraging industry assets to create coupon values at the time of offer creation because it would

- Reduce the complexity within each airline's offer management system
- Reduce the duplication of shopping transactions across the industry

**Moving forward: The next generation**

The creation of journeys for one or multiple fares, determination of coupon value for each segment, and reporting to the fare owner carrier are already proven and working in prototype. As we continue to move to next generation of revenue accounting, some questions remain.

1. How will involuntary reroutes work in the new environment?  
We believe that the industry-approved Simplified Involuntary Reroute Settlement solution cuts significant costs and will be an ideal automated solution.
2. The exceptions make 95 percent of the work. What about accounting for YQ/YR and other fees?  
The solution is designed to determine the coupon value for every aspect of the total ticket price.
3. How will refunds and exchanges work in the new environment?  
We believe that netting of refund and exchange amounts and related penalties will be more easily automated given the pre-determination of coupon values.
4. What happens when two fares are combined and change the prorate result?  
We anticipate some evaluation of the transaction at the time of sale to check whether any conditions changed the prorate result, including combined fares and currency conversion based on place and date of sale. Any changes could be automatically flagged for recalculation (rather than re-proration).
5. What if the proration method changes—for example, filing prorate values at the route and RBD level?  
This solution is designed to work in the same way regardless of the proration method. A change in the method simply changes the reference data applied to each segment of each journey permutation.