



WFS 2022 Survey

# Digital Adoption in Airline Finance

# EXECUTIVE SUMMARY

*Dear Readers,*

*It is indeed a pleasure to present the findings of the Digital Finance Survey that we conducted just prior to the World Finance Symposium in Doha in September 2022. At Doha, I had the pleasure to meet many of you and further understand the challenges that our organizations face today.*

*Our brief survey which touched upon a few key areas of Airline finance, threw up several interesting insights into the investments being made or the areas being prioritized within the Finance department of Airlines, for the future. The common theme that emerges is, that the Finance function will take on an even bigger role, in the Airline of the future. They will evolve from managing transactional-reporting to driving business-strategy. This will lead to the need to modernize platforms and induct new-set of capabilities to prepare them for a digital and data-driven future.*

*We hope you do benefit from the findings, and we look forward to investigating this again, next year.*

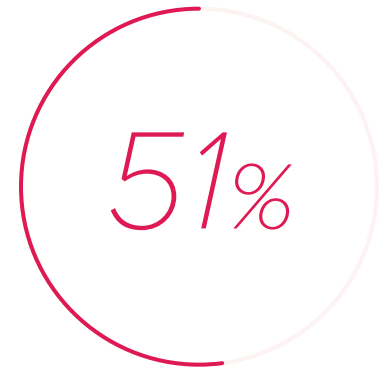
Warm Regards,

**Sangeetha Chhajer**

VP – Travel, Transportation and Logistics  
Sutherland



# 51% of the airlines seek to invest in solutions that will future-proof revenue accounting



## REVENUE ACCOUNTING

- Airlines seek to invest in solutions that will future-proof revenue accounting to deal with Orders
- Several functional and technology areas in focus as revealed by the survey results



## FUNCTIONAL AREAS

Functional areas in which the investments are being made:

- Enabling Order accounting in PRA with increasing adoption of One Order
- Granular control over receivables
- MIS, Reporting and Analytics

*The role of revenue-accounting is an ever-expanding one. Beyond mere accounting, it now feeds into pricing, route-decisions as well as cost management. Recognizing its pivotal role into several areas of business, nearly 51% of the airlines are investing in their revenue accounting platforms.*



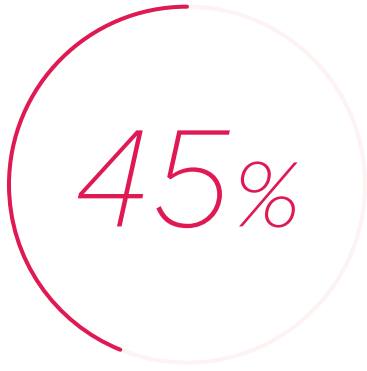
## TECHNOLOGY AREAS

Technology areas where the investments are being made:

- Intelligent automation (e.g. for exception handling)
- Moving from legacy, in-house platforms to third party platforms with truly variable pricing models
- Cloud enabled platforms

*Investments are being made to enhance functional areas as well as take benefit of technology modernization.*





## 45% of the respondents stated, significant changes were needed in PRA platform for NDC/ONE Order transactions

### NDC and ONE Order

- Airlines seek to invest in solutions that will future-proof revenue accounting to deal with Orders

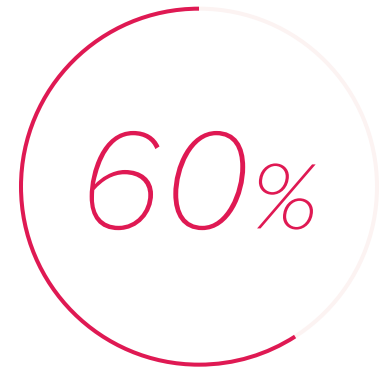
*IATA's NDC, ONE Order and Settlement with Orders (SwO) is expected to revolutionize entire value chain from distribution to settlement. Significant changes will be required in the revenue accounting platforms as well to take advantage of streamlined processing, especially with 45% of the respondents having 10+ year old PRA platform.*

Revenue accounting and A/R areas that will see significant change with NDC, ONE Order and SwO are:

- 1 / **INTERFACE WITH ORDER PLATFORMS FOR OBTAINING ORDER SALE DATA/ UTILIZATION**
- 2 / **ANCILLARY ACCOUNTING/ SETTLEMENT**
- 3 / **INTERLINE BILLING/ SETTLEMENTS**
- 4 / **TRANSACTION LEVEL RECONCILIATION FOR SALE, UTILIZATION AND SETTLEMENTS**



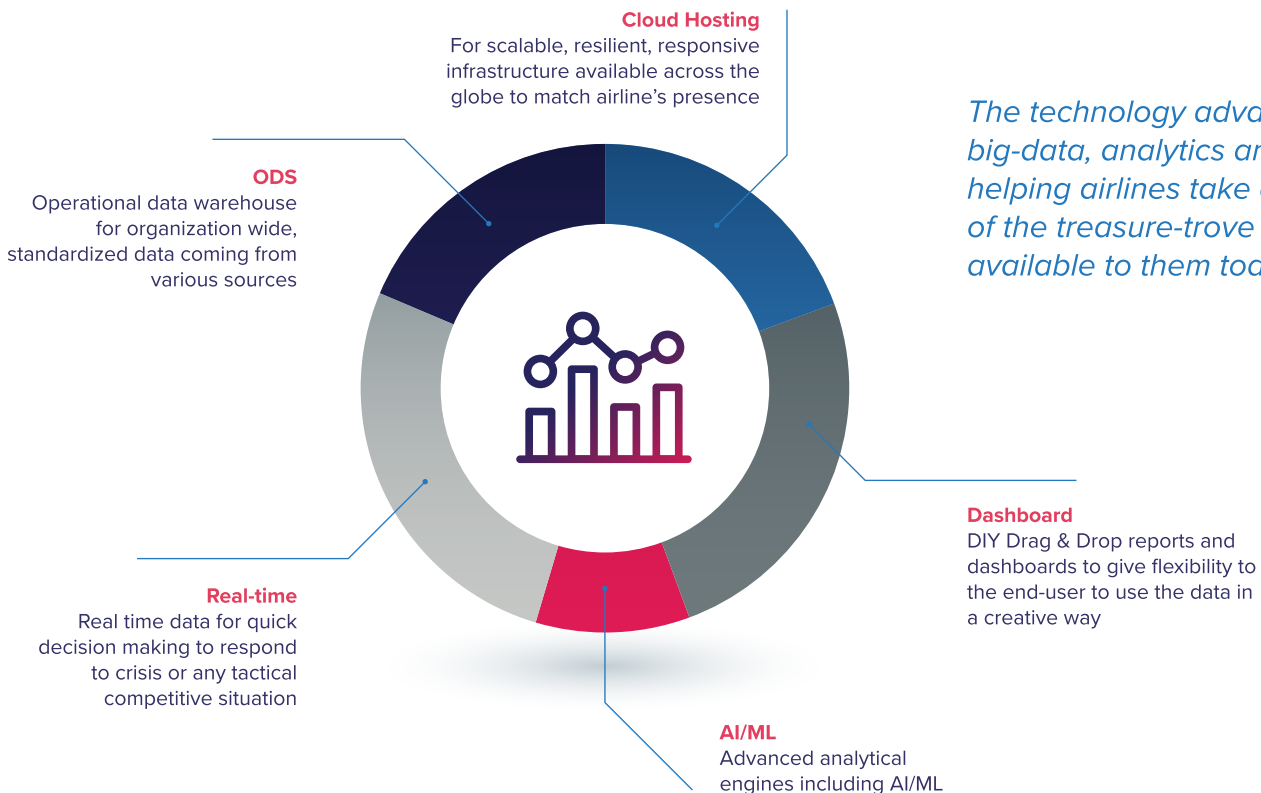
# 60% of the airlines look to invest in enhanced reporting solution/ analytical engines as a business value-add



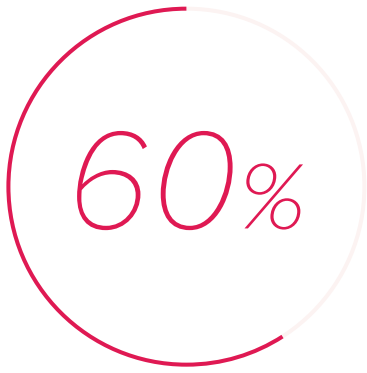
## REPORTING & INSIGHTS

- Airlines look to invest in enhanced reporting solution / analytical engines as a business value-add
- Solutions that deliver strategic and tactical insights and can influence revenue-strategies by leveraging Revenue Accounting data are being considered
- Data Analytics can deliver enhanced insights into costs as well as generate early warning signals

Modernization of reporting is being taken-up in the following areas:



*The technology advancements in big-data, analytics and AI/ML are helping airlines take advantage of the treasure-trove of data available to them today.*



# Accounts receivables to benefit the most from technology investments into analytics and robotics

## RECEIVABLES MANAGEMENT

- 60% of the survey respondents believe that Receivables Management will have maximum impact of technology infusions

*With multiple channels and industry standard mechanisms for settlements, AR management is a complex process.*

The investments to modernize AR management are targeted at the following areas:

**Real-time**  
Analytics for real-time credit control

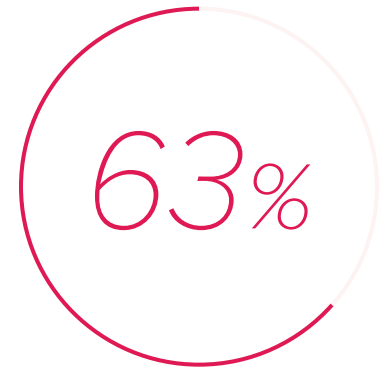
**Predictive Analytics**  
Predictive analytics for forecasting cash flow positions

**Transaction Level**  
Transaction level reconciliations for pin-pointing the issue

**RPA & Intelligent Automation**  
RPA enabled quick-gluing of various legacy applications without going through long, costly integrations



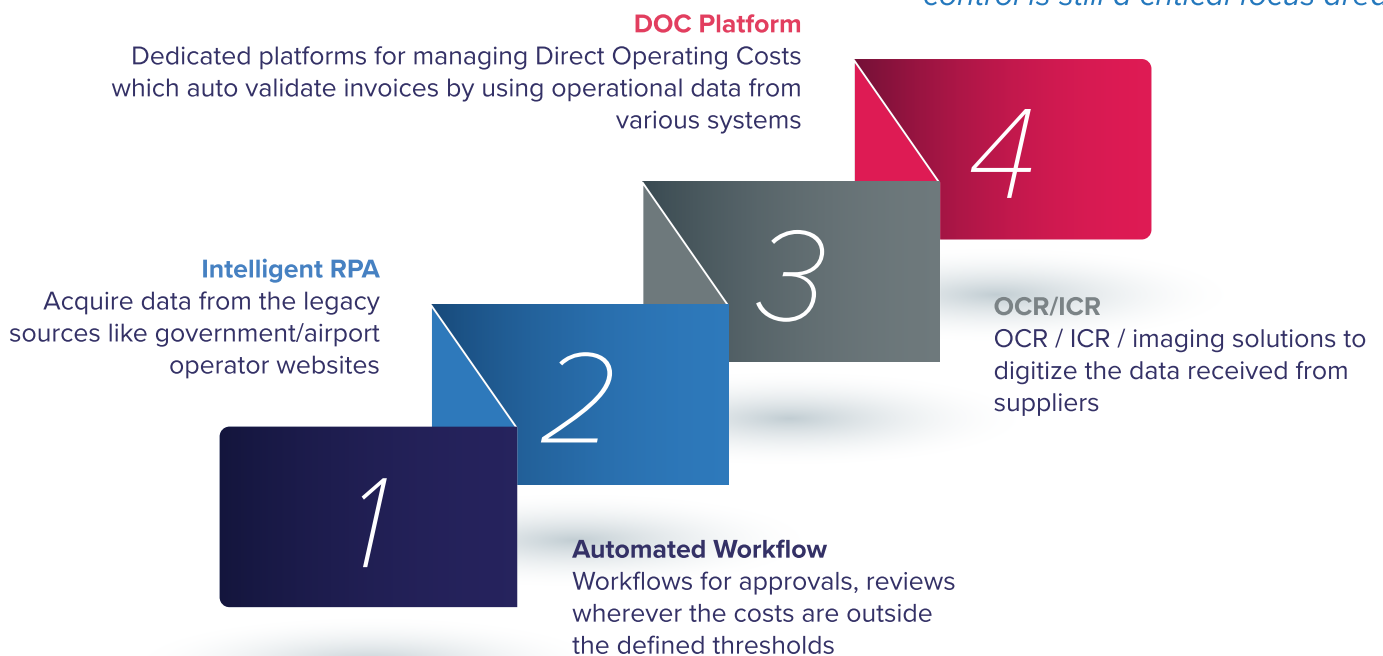
**63% of the airlines are planning to make significant investment in automation of invoice processing**



#### INVOICE PROCESSING

- Majority of the Airlines have made significant investment in AP Automation
- Invoices received in paper formats or at stations, continue to however pose a challenge
- Investments in the digitization, automation are being prioritized

*Tighter control on operating costs is one aspect that has received immense emphasis in the post-pandemic era. With inflation soaring across the globe, cost control is still a critical focus area.*



# Data Analytics and RPA have the most transformative impact on Airline finance

Airline industry, which has been at the fore-front of technology adoption is evaluating the new areas of progress in the technology space. Some of the new technologies that are likely to have transformative impact are analytics/big-data, intelligent automation, AI/ML and blockchain.

13%

#### Blockchain

Finance departments do not seem to find lot of practical applications for the blockchain technologies, with just 13% voting for it to be the influential area

25%

#### AI/ML

Learning patterns from data and taking help of the technology for predictive analytics, AI/ML is going to have significant impact as per 25% of the participants

46%

#### RPA/Intelligent Automation

With several manual processes, and focus on efficiencies and cost savings, 46% of the respondents feel RPA/intelligent automation will play a significant role

52%

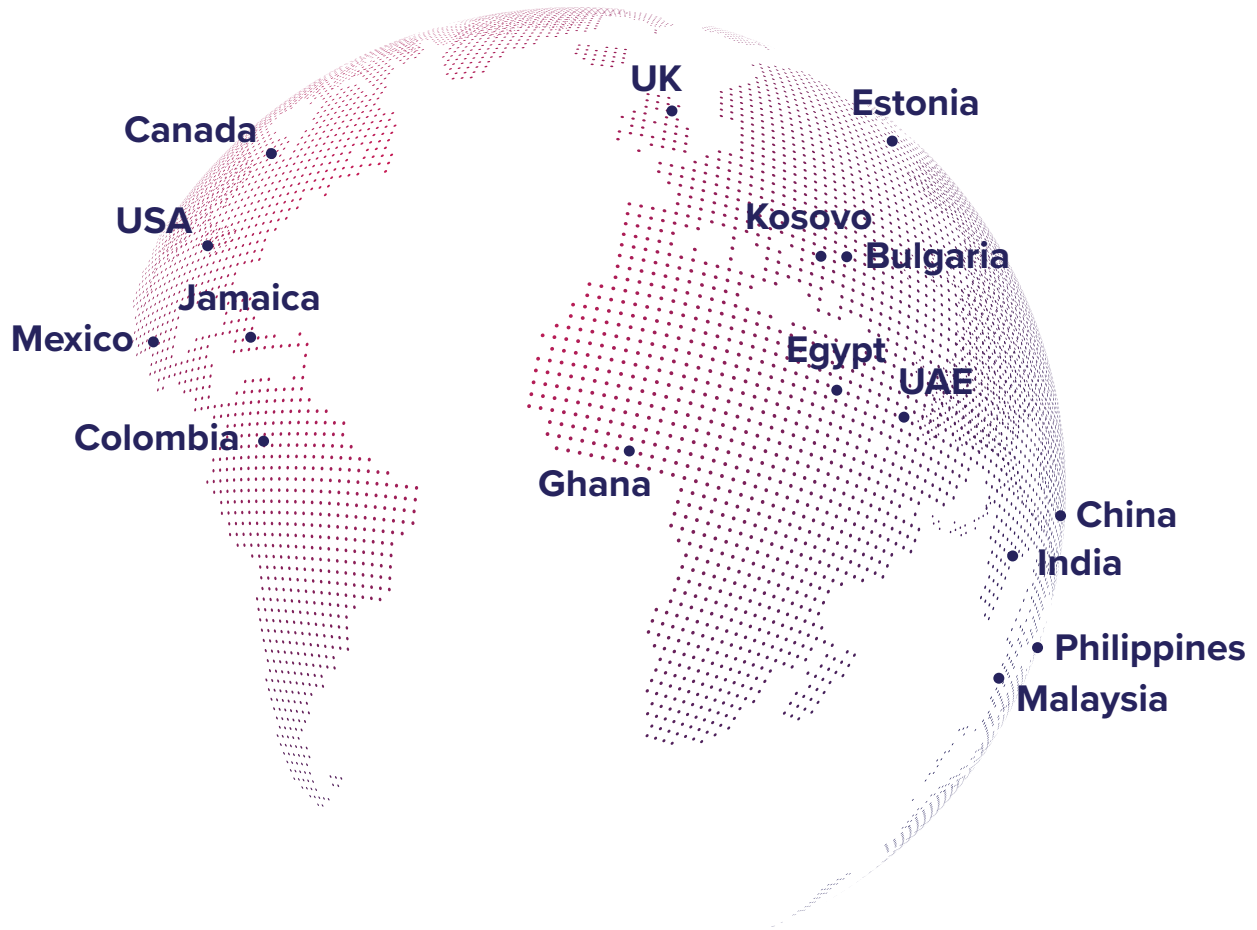
#### Analytics

52% of the participants believe analytics, driven by big-data to have most substantial impact





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