AIRLINES CAN BOOST THEIR TOP AND BOTTOM LINE BY STREAMLINING FINANCIAL PROCESSES

News / Airlines, Finance

The airline industry faces a number of challenges when it comes to **financial** management, including revenue leakage, complex income streams, and tax reporting and compliance across multiple markets. Coupled with an often-traditional approach to financial processes, it's clear that financial management remains an area for innovation.

Against this backdrop, a new report published today, written by Frost & Sullivan and commissioned by Amadeus, highlights a 'window of opportunity' for airlines to boost their top- and bottom-line by integrating financial processes, increasing automation and exploiting predictive analytics.

Key findings from the report include:

Airline CFOs today face a number of challenges, such as revenue leakage, which can cost airlines as much as 3% of revenue

Greater integration of financial processes could boost revenues by up to $1.5 million per annum for a medium-sized airline

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Adapting to new payment methods such as Bitcoin will be a competitive imperative. More fundamentally, Blockchain technology could have a revolutionary impact on accounting by offering a single, secure, transparent global ledger

Interline settlement improvements could save the industry $500m annually, if airlines embrace tools and standards

Better financial management will ultimately prove an enabler for the development of the airline product, in turn improving the customer experience and delivering increased customer loyalty

"In certain circumstances, airlines today may not even be able to know the exact revenue numbers for a specific flight," said Alexander Michael, Director, Digital Transformation at Frost & Sullivan, the author of the report. "It is imperative that airlines now focus on integrating and streamlining financial processes, not only to eliminate revenue leakage and other inefficiencies, but also so they can benefit from predictive analysis, becoming truly customer-centric and improving the top and bottom lines."

"This report reveals a significant opportunity for airlines," said Patricia Simillon, Head of Strategic Marketing in Airline IT at Amadeus. "Streamlining financial processes will enable airlines to achieve optimization and efficiency. This is a strategic priority for us at Amadeus and we are committed to working with our airline partners to transform the industry's approach to financial management."

Alexander Michael, Director, Digital Transformation at Frost & Sullivan and the report's author, will be presenting the report's findings on Thursday, September 17, 2015 at the IATA World Financial Symposium in Barcelona, Spain.

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