Electronic Ticketing and Other Documents in BSPs on/after 1 June 2008

Dear BSP participating airline,

You will be aware that the IATA Annual General Meeting set a deadline of eliminating paper tickets from our BSPs at the end of this year. This deadline was subsequently extended to 31 May 2008 to provide airlines with more time to complete their work. This is the final deadline and there will be no further extensions.

What does this mean for you as a BSP airline user? Very simply - on 1 June 2008, IATA will withdraw all paper ticket stock from the BSPs and you will either have to use BSP Electronic Tickets, or provide agents with an alternative method of using your own paper ticket stock.

We are working very closely with the Global Distribution System providers (GDSs) to ensure a smooth cutover to ET, but each GDS is handling the cutover in a different way and we would therefore urge you to liaise with the GDSs so they fully understand your plans.

We appreciate that the BSPs also handle 3rd party users such as railways and we are working on solutions to accommodate this type of business.

We are receiving many enquiries on the cutover to ET and have therefore developed the attached summary sheet of key issues which provides more information on topics such as:

- **Specific actions required on the part of BSP participating airlines**
- **Use of the V-MPD and EMD by BSP participating airlines**
- **Consequences if an agent issues a neutral paper ticket on/after 1 June 2008**
- **Status of Neutral Ticket Stock – Global Stock Recovery**
- **Impact of the Elimination of Neutral Paper Tickets on 3rd Parties in the BSP**
- **Acceptance of neutral paper tickets issued prior to 1 June 2008**
- **Other consequences for interline itineraries**

I encourage you to circulate the attached summary sheet widely in your companies for information and action.

Should you have any questions or comments please forward these by email to: eticket@iata.org

Yours sincerely,

Tom Murphy, IATA Senior Vice President, IDFS

Summary Sheet of Key Issues for Airlines
Electronic Ticketing and Other Documents in BSP on/after 1 June 2008

1. Specific actions required on the part of BSP participating airlines

Each BSP participating airline must inform their appointed agents that on/after 1 June 2008 paper tickets must not be issued on the BSP neutral paper ticket stock using your airline accounting code. Such action must be done in writing and addressed to each appointed Agent in each concerned BSP.

BSP participating airlines must communicate to their agents their procedures for interline itineraries that are not eligible for ticketing on an electronic ticket. The options include, but are not limited to the following:

1. Issuance of another document in the form of a Virtual MPD (V-MPD) which airlines may wish to use to follow their internal PTA process. Airlines need to ensure that they continue to have interline agreements in place that permit paper ticketing.

2. Through local arrangements, the agent may request the ticket to be issued by the airline on its own paper ticket stock. This is a ticketing solution that may be provided by an airline but is not mandated by any IATA rule or procedure.

3. Where an airline elects, it may place its own paper ticket stock in an agent location and ticketing may be done on that stock. In this instance the entire transaction is subject to the bilateral agreement between the airline and the agent. These transactions are outside the IATA Agency Programme and the BSP administrative rules including default procedures and reporting and remittance schedules.

2. Use of the V-MPD and EMD by BSP Participating Airlines

Whilst Members have already adopted standards for an Electronic Miscellaneous Document (EMD) that will replace all other non-ticket documents, it is not anticipated that this will be fully available for use until 2009 at the earliest. During the interim period all other documents can be issued by means of a virtual version of the MPD known as the V-MPD. Airlines should therefore ensure that all of their offices are familiar with the V-MPD process and the actions they will need follow upon receipt.

On/after 1 June 2008 the value coupon of the OPATB2 coupon-by-coupon MCO (known as the MD50) will no longer be available for the issuance of MCOs. IATA will monitor and evaluate the use of all other paper documents including the manual paper carbonised Multiple Purpose Document (MPD), the automated neutral carbonised MPD and the neutral carbonised excess baggage ticket in those markets where they are still distributed. Where these documents are currently used in a BSP, IATA will maintain their availability and will process any sales. "BSP best practice" is for the elimination of these documents as soon as possible in consultation with the BSP airlines. The IATA Country Manager will work with the BSP airlines to expedite the removing of all other paper documents and closing any remaining local data processing centres as endorsed by the IATA Settlement Systems Advisory Committee (ISSAC).

Overview of the V-MPD

The V-MPD is: -
- ↗ A virtual representation of the paper MPD/auto MCO;
- ↗ An instrument of exchange;
- ↗ A record of a transaction of payment for a service or collection of a fee;
- ↗ Issued in BSP*link*;
- ↗ Drop down menu boxes look like a manual document;
- ↗ Originally using the manual document form code delivering a short record;
- ↗ Now enhanced with its own unique form code (180), transaction type (MV50); and added features (now a SLR) similar to MD50 *(airline option)*;
- ↗ Email message upon completion to the airline service point;
- ↗ Airlines see their copy and act in accordance with their standard internal procedures for processing Prepaid Ticket Advices (PTAs).

It should be noted that IATA is continuing to examine additional functionality that meets the needs of travel agents and airlines in order to minimise disruptions to agency and airline operations and welcomes feedback and comment.

The V-MPD is a viable alternative to paper MPDs and is available globally for airlines to deploy market by market. Airlines should liaise with their local BSP office to ensure that the V-MPD function is available in BSP*link* in the BSPs in which they participate.

IATA has prepared presentation material, user guides and a list of Frequent Asked Questions (FAQs) that are available for download in the "Download Centre" of the BSP*link* Portal at **https://www.bsplink.iata.org** (refer to "BSP*link* Customer Manuals")

Effect on Travel Agents – Ticket Issuance

It is expected that PTAs and tickets on departure will continue to decrease rapidly whilst airlines continue to expand their electronic ticketing capabilities. However, there may be some tickets that agents will be unable to issue as electronic tickets and, on/after 1 June 2008, will no longer have the fallback of issuing a paper ticket. Some of the reasons for this could be identified as follows (depending on individual airline policy):

- ↗ Interline journeys where the particular mix of Marketing/Operating Carriers does not allow one carrier to be selected as the Validating Carrier because no one carrier has IET with all other carriers;
- ↗ Passive bookings;
- ↗ Groups;
- ↗ Journeys over 16 segments;
- ↗ Infants;
- ↗ Open segments;
- ↗ Ineligible sectors because the ground-handling infrastructure at some airports is not capable of processing electronic tickets.

Should an airline choose to maintain its own paper tickets, such paper tickets can still be issued for these journeys at their own offices. Airlines should communicate their procedures to their travel agents.

Effect on Travel Agents – Other Documents

IATA anticipates that the main reasons for agents to issue other documents will relate to the receipt for amendment fees and for issuance of non-air services (e.g. tours, hotel, car hire) where an interline electronic ticket agreement is not in place.

The EMD will be the ideal solution to support the issuance of other documents. However there will be an interim period during which no EMD solution will be available and as such it will be necessary to maintain alternative methods of issuing other documents. IATA has deployed the V-MPD but, acknowledging that there will not be a value coupon produced, this will add an additional burden to airline resources where a value coupon is required. It should be noted that the V-MPD should only be seen as an interim measure until such time as the EMD is fully deployed. An industry oversight group has been set up by IATA to ensure that the first phase of the EMD implementation is in production as soon as is practicable.

Currently some travel agents receive data supplied by their GDS from miscellaneous transactions to manage back office functions. In addition some GDS, but not all, have a certain level of interactivity into the Passenger Name Record (PNR). The problem however is that, looking at the V-MPD, there is a deficiency since a value or exchange coupon is not produced and there are no automatic updates into the PNR.

It is therefore important for airlines to develop procedures to deal with this. An airline may wish to ensure that, upon receipt of an V-MPD for an amendment fee, it is confirmed to the check-in agent through a Special Service Request (SSR) or Other Services Information (OSI) placed into the PNR and passed to the check-in system through the Passenger Name List (PNL). Airlines may also wish to ensure their customers receive valid documentation for non-air services. Airlines should communicate their procedures to their travel agents.

Agents should be encouraged to input the prepaid information into the GDS PNR and 'queue' the booking to the airline for servicing following the standard procedures that applied for paper documents.

Should a GDS wish to develop the functionality to suppress printing the value coupon for the existing MD50 product for their customers, IATA will support this by continuing to allocate number ranges for this purpose and (should they be required) Stock Control Numbers (SCNs). IATA however will not collectively ask the GDSs to develop such a product since the Passenger Services Conference has determined that resources should not be diverted away from the industry solution EMD. However, IATA is evaluating whether it will be in a position to source the OPATB2 blank magnetic-stripe encoded card should it be requested. Any costs that IATA would incur for the procurement and distribution of blank cards would be borne by the requesting party.

Effect on Travel Agents – Remote Ticketing Facilities.

With the withdrawal of paper ticket stocks, travel agent use of Satellite Ticket Printers (STPs) will no longer be supported. As a consequence of the electronic ticketing deadline, it has been agreed that all related resolutions providing for Satellite Ticket Delivery Offices (STDOs), Special Event Locations (SELs), European Union Satellite Ticket Printers (EUSTPs) and Satellite Ticket Printers will no longer be applicable on/after 1 June 2008.

A travel agent operating an approved STP, EUSTP, SEL or STDO and in possession of a valid IATA numeric code for such operation will be entitled to retain such IATA code for 2008. At the end of 2008 IATA will not process any renewal application for any of these ticketing facilities as an STP, EUSTP, STDO or SEL. Should a travel agent wish to convert any of these locations to another category of IATA sales location this can be done at any time. Any conversion will be assessed as per applicable IATA resolution requirements and against the fees paid.

3. Consequences if an agent issues a neutral paper ticket on/after 1 June 2008

Inevitably some agents may hold residual paper ticket stock on/after 1 June 2008 if not yet destroyed. It is possible that a GDS may not yet have inhibited the use of that stock to produce a paper ticket after that date. If a neutral paper ticket is erroneously issued on/after 1 June, it will not be accepted for normal sales reporting and travel. The following should be noted: -

1. The IATA systems will be adjusted to reject a BSP reported sale where a paper ticket has been erroneously issued on/after 1 June 2008. This will result in the transaction not being reported to the issuing airline in the standard reporting process and will be classified in the BSP as an "unreported sale" by the agent.

2. As this erroneous sale will be unreported in the BSP, the ticket will not be shown on the BSP Billing Statement and as a result, the airline will not be paid for the ticket through the BSP.

3. A passenger holding such a ticket may be stopped at check-in by an airline agent noting the issuance date of the ticket. The airline may allow the passenger to travel, or as this is a document that was incorrectly issued, request the passenger to purchase a new ticket and seek a refund from the agent, which issued the neutral paper ticket.

4. In the instance where the passenger is allowed to travel on the paper BSP ticket, the airline will not be able to account for this document in its revenue accounting system and this will result in an ADM being issue to the agent for the unreported sale. Continued failure on the part of the agent may lead to bilateral action by the BSP airline regarding the agent's appointment.

4. Status of Neutral Ticket Stock – Global Stock Recovery

Linked to the elimination of neutral paper tickets is the accounting for, recovery and destruction of all stock on hand in agent locations, warehouse locations and undelivered stock at manufacturers. The following process, which has been endorsed by ISSAC and is being reviewed by IATA's internal auditor, has been developed by IATA to ensure the cost effective and secure management of this process across the approximately 100,000 sales locations issuing BSP documents:

1. IATA Country Managers in January 2008 will undertake a high level stock take exercise to confirm the "stock on hand" in agent and other locations. This exercise will establish the "baseline" for managing the recovery and destruction of ticket stock in June 2008.

2. IATA Country Managers will be asked to assess the agents in their areas of responsibility and identify not more than 10% as agents who may require direct assistance in the stock recovery exercise, i.e. these agent locations will be monitored from January 2008 and the amount of stock they have on hand will be kept to the minimum required to facilitate their anticipated ticketing activity. On 1 June 2008, a physical stock accounting and recovery will take place. The stocks recovered will be reconciled against the baseline established by the Country Manger in January to confirm all stocks are recovered and the Country Manager will take responsibility to confirm recovered stocks are destroyed.

3. The remaining 90% of agent locations confirmed by Country Managers as not needing IATA's direct assistance in the accounting for and destruction of on hand ticket stock will be instructed to undertake the following on 1 June 2008; complete a stock on hand declaration and submit this to the IATA Country Manager, undertake to destroy the stock on hand and report the destruction using a specific form provided by IATA for this purpose. This stock destruction and reporting will take place no later than 15 June 2008.

4. Agents will be obliged to complete the stock destruction form and return it with the signature of the responsible office of the agency and the agent's stamp. The form will confirm the agents understanding that the agent is responsible for the destruction of the BSP neutral tickets and assumes full responsibility for the wrongful use of this stock on/after 1 June 2008.

5. In those cases where an agent is unwilling to assume the responsibility for the recovery and destruction of the BSP tickets on hand, the BSP Manager will undertake this activity.

5. Impact of the Elimination of Neutral Paper Tickets on 3rd Parties in the BSP:

1. In some BSPs, non-airline companies are participating as a "BSP Participant". In these instances the companies are using the IATA neutral Standard Traffic Document in OPATB2 or OPTAT format.

2. The elimination of neutral paper tickets will impact on these operations as no physical neutral paper tickets will be available for issuance by agents for these 3rd party services.

3. In some instances, these 3rd party participants have adapted their business models to address this, for example, a rail company has effectively ceased participation in the BSP and is now operating a Web based "low cost" ticketless model.

4. There are instances where BSP Airlines have interline agreements with 3rd party and/or surface operators. Where these interline agreements exist, the BSP airlines are required to ensure their surface interline partner(s) can accept a passenger holding a neutral electronic ticket and conclude the appropriate interline electronic ticketing agreement. In those instances where this is not possible, a local solution involving the issuance of a "transportation document" by the BSP participating airline and/or the surface operator is required outside of the BSP process. This will need to be bilaterally developed.

5. In those cases where the surface operator and BSP participating airline are operating a code share service, the surface operator and airline must agree bilateral procedures to confirm the entitlement of the passenger to travel on the surface segment. There is no formal IATA process for this.

6. IATA Country Managers will have informed all 3rd Parties in their markets of these developments and confirm to IATA BSP Operations that there are no expectations on the part of the 3rd party users of continued neutral paper ticketing in the BSP on/after 1 June 2008.

6. Acceptance of neutral paper tickets issued prior to 1 June 2008

Airlines should continue to accept neutral paper tickets issued prior to 1 June 2008 for travel on/after 1 June 2008 in accordance with their standard conditions of contract. Should a neutral paper ticket be presented for exchange or reissue at an IATA accredited travel agency then such paper ticket should be exchanged for an electronic ticket if the airline concerned allows this transaction by the agent.

7. Other consequences for interline itineraries

1. Many airlines in future may wish to prohibit their interline partners from issuing paper tickets for travel on them. Airlines are free to confirm that they themselves will no longer issue paper tickets if they choose.

2. Resolution 735d clarifies that airlines under irregular operations situations (IROPS) must exchange and reissue electronic tickets to new operating carriers rather than issue a Flight Interruption Manifest (FIM).

3. The IATA Clearing House (ICH) will continue to support the interline billing of paper tickets on/after 1 June 2008.