

Review of Agency Fees

February 2017

Context: A new pricing structure

- PSG received a proposal to change Agency Fees, along with NGLISS
- Pricing drivers
 - **Head Entity and Associate entity evolution:** branches to be less expensive
 - **Model neutrality:** no incentives/hurdle from fee levels to choose accreditation models
 - **Revenue neutrality:** total revenue largely constant after review
 - **Price segmentation:** to reflect the needs of different business models and service needs of an Agent

Multi-Country Accreditation

- An important change in fee structure come with multi-country groups
- An opt-in model to agents with extensive geographical presence, they can choose to operate individually in each country or be considered a single entity/group
- When chosen, MCs will be, invoicing wise, a single customer receiving an invoice for all consolidated fees and services

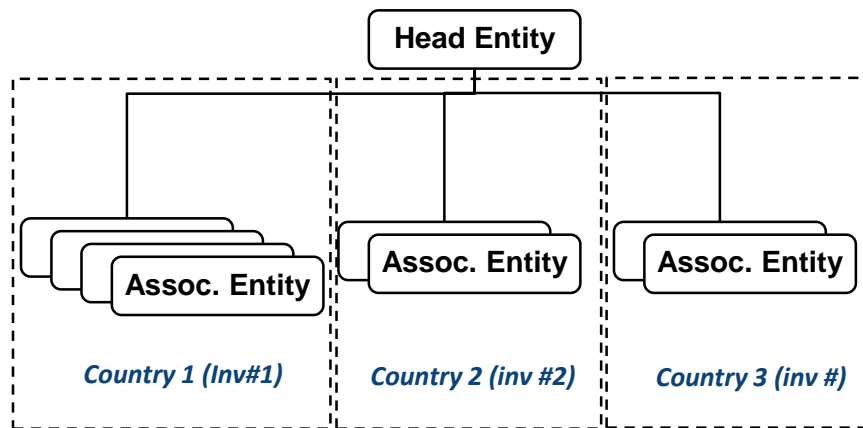
What the Multi-Country Accreditation price tag entails

- MCs will undergo a quarterly financial review of its consolidated business. MCs are expected to cover the cost of these reviews
- MCs will get specific account management, in the way of prioritized access and contact channels
- MCs will benefit significantly from the aggregation of all locations when it comes to the annual fee

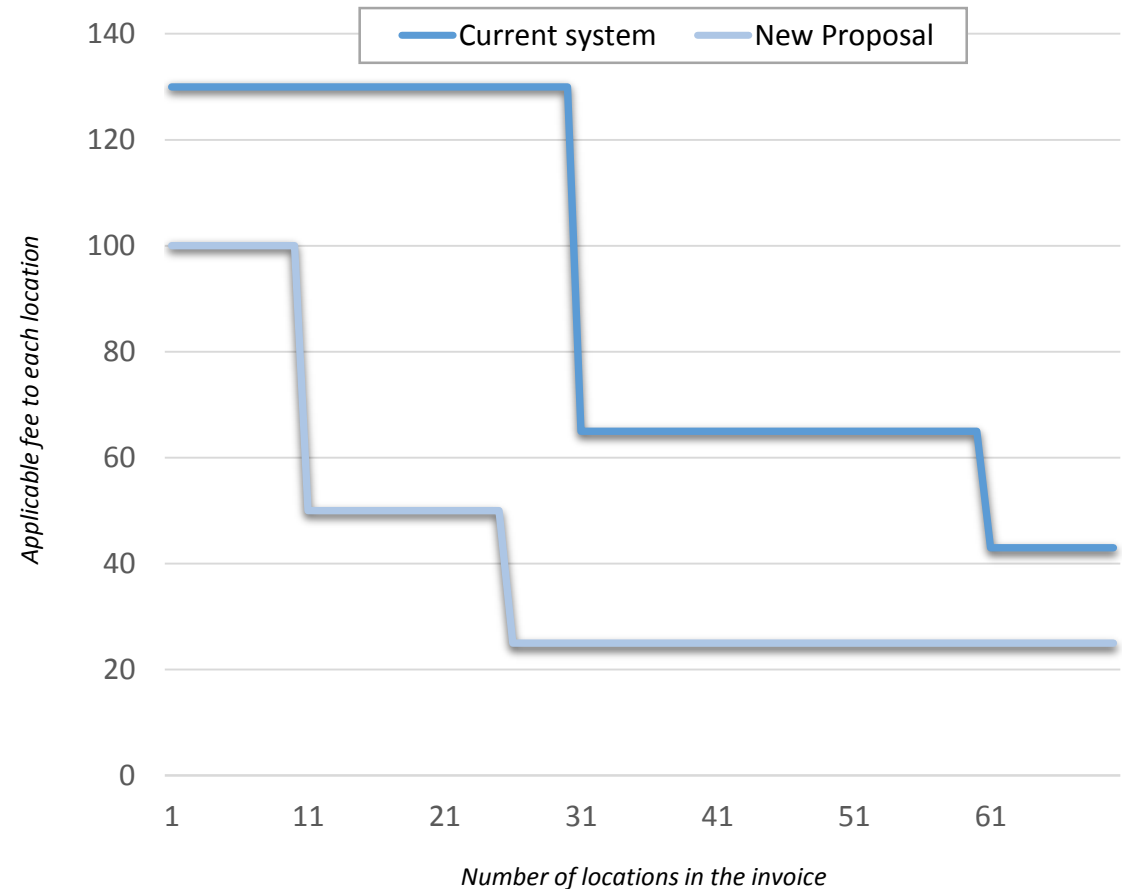
The revenue impact of cheaper Branches

- MCs will benefit dramatically from the lower prices for Associate Entities (Branches)
- Associate Entities (Branches) have lower prices (up to -42% reduction), and discounts are reached more easily
- Additionally, by consolidating all locations into the same bill there is no need to pay higher tiers in every country

MCG invoice perimeter for Annual fees

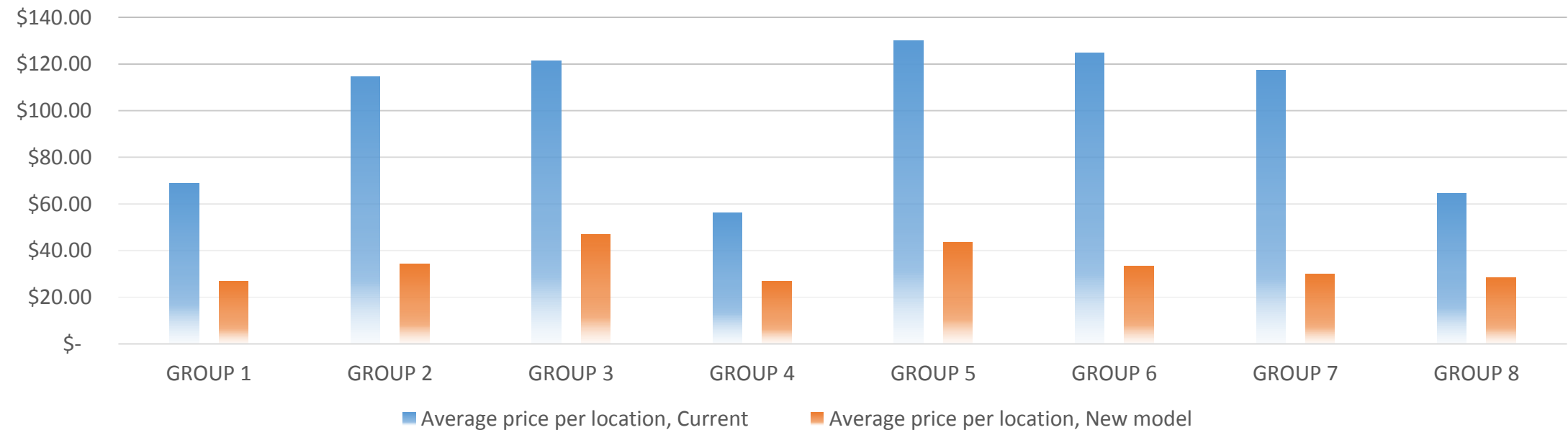


Current system breaks into country invoices, limiting discounts. With new Model, a global invoice optimizes discounts



We estimate savings of CHF10k-15k on associate location costs for MCs

- We expect a reduction in average cost per location of CHF 50-60 for multi-country groups
- When all locations are added up, savings will be in the thousands for these groups. In order not to create (either) an incentive to apply for this model on the basis of the savings, the cost of the Head Entity has been raised
- While each case will be different we expect that travel agencies would be breaking even at around 150 total locations and 8 countries



Agency Fees proposal (main items)

	Standard Accreditation (non cash)	Standard Accreditation (with cash)	Multicountry Accreditation
Annual Fee Head Entity, per code	1. 200 CHF (small) 2. 350 CHF (medium) 3. 500 CHF (large)	1. 200 CHF (small) 2. 350 CHF (medium) 3. 500 CHF (large)	48,000 CHF, inclusive of quarterly financial reviews costs
Annual Fee Associate Entity, per code	Tier 1 (1-10): 100 CHF Tier 2 (11-25): 50 CHF Tier 3 (25+): 25 CHF	Tier 1 (1-10): 100CHF* Tier 2 (11-25):50CHF* Tier 3 (25+): 25CHF*	Tier 1 (1-10): 100 CHF Tier 2 (11-25): 50 CHF Tier 3 (25+): 25 CHF
Application and Registration Fees, Head entity	0 (promotional, then 250 CHF)	1,500 CHF	2,500 CHF
Application Fees, Associate Entity	0 (promotional, then 250 CHF)	500 CHF	500 CHF
Major Change reported (ownership/status/shareholding)	0	0*	0
Minor Change reported (location/name/ownership of branch)	0	0*	0
Certificate fee	TBD (exercise in progress)	TBD (exercise in progress)	TBD (exercise in progress)
Upgrade to Standard	1,250 CHF		2,500 CHF
Change to Non-Cash		0	0
Upgrade to Multi-country			29,500 CHF

Note: Prices with an asterisk are prices that are being reduced vs current fee system

Accredited agent package (what is the agent paying for?)

	TIDS	Lite/non cash	Standard	M.C.
Certification process with industry wide recognition, association to the IATA Brand before consumers and other business counterparts	×	✓	✓	✓
Unique numeric industry code (identifier), for easier industry recognition / business making	✓	✓	✓	✓
Access to Sales Agency Agreement with all BSP carriers	×	✓	✓	✓
Simplified billing and settlement of airline tickets process (ie, cost advantage)	×	✓	✓	✓
Credit on sales, along with Simplification & Standardization of Credit Policies (single fin. Guarantee)	×	×	✓	✓
Neutral Industry Framework for agency protection (Access to Commissioner Appealing process)	×	✓	✓	✓
Access to consolidated discount packages for employees, (ID Cards)	✓	✓	✓	✓
Access to BSP reports / Market intelligence / BSPLink console	×	✓	✓	✓
Access to training and resources from IATA	✓	✓	✓	✓
Access to enhanced financial exchange tools (ICH, super BSP, ...)	×	×	×	✓
Access to EasyPay as enhanced, lean payment facility	×	✓	✓	✓
Access to TIESS for non-air ticket funds distribution	✓	✓	✓	✓
Key Account Management Service, single entry point for global processes	×	×	×	✓