



# NDC InFocus

## Settlement with Orders Program (SwO) for Airlines and Sellers (travel agents, OTAs etc.)

### Why is this important

The Settlement with Orders Program has developed with the industry a lean XML data exchange standard and a process to **simplify the settlement between travel industry partners.**

**It will enable the settlement of NDC Orders through IATA BSP, including a fully automated reconciliation.**

The standard relies on a **simple claim message** initiating the settlement of the pre-agreed payment amount between two parties for an order. The claim is followed by an immediate notification to the other party. Based on a schedule, IATA will aggregate and net all claims and inform them about the settlement result with a notification.

The SwO standard applies to the settlement between Airlines and Sellers (Agents, OTAs, TMCs, etc.), using the current BSP agency program framework. It is also expected to be extended to the settlement between partners, to support interline and multimodal business models (leveraging on the [Future of Interline](#) framework).

Using the SwO standard, the NDC carriers and their sellers benefit from the IATA BSP settlement for BSP cash method of payment and soon IATA EasyPay.

### Extension of order usage

Airlines and sellers now benefit from a full order-based distribution framework all along the value chain from distribution to settlement and accounting of payables and receivables, without the complexity of the ticket-based processes for settlement. It complements [NDC](#) and [ONE Order](#) benefits, regardless of whether tickets/EMDs are issued in the background or not, **bridging the gap also for ticketless carrier settlement, which means it is also applicable to ticketless carriers .**

### Benefits for Airlines and Sellers

**Say Goodbye to painful and lengthy reconciliation of your NDC payments. Enjoy automated reconciliation -** This very lean standard includes remittance and settlement dates into the messages and summarize in interactive messages the transactions settled. This allows a **fully accurate and automated reconciliation at time of Remittance and Settlement.** At the time of remittance and settlement, the bank movement (credit or debit) can be instantly matched back with the claims for an automatic reconciliation of bank payments

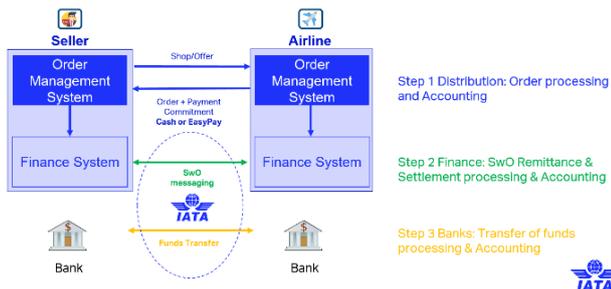
**Better cash flow forecasting and liquidity visibility -** At the time of sending and receiving the claim notification, the carrier and seller immediately receive the respective settlement and remittance



dates, greatly facilitating cash flow management and debtors or creditors visibility

**Seamless integration between Distribution and Finance** – The usage of the SwO standard allows a mapping and reconciliation between the distribution orders, their payments and their settlements. This means a perfect integration between Distribution, Payment and Finance systems (accounting systems, and ERPs).

### A simpler & more efficient way to settle



response and the seller receives a clearance notification.

- **Step 2:** at the agreed time (SwO schedule), after the consolidation of all clearance requests received for the period, the Settlement Manager informs the distribution partners about their consolidated net positions by sending Transfer Notifications messages:
  - o The final Payer receives a Remittance Transfer Notification
  - o The final Payee receives a Settlement Transfer Notification
  - o Payer and payee can be seller or airline, depending on the net position at time of final settlement

- **Step 3:** based on the outcome of step 2, the payer will remit the funds to IATA and IATA will remit the funds to the payee.

In Summary, implementing the SwO standard in Finance allows airlines to:

- Leverage their NDC APIs to drive the collection and accounting of receivables and payables
- Reduce the complexity of their NDC implementation for settlement and accounting integration

## Zoom into the topic

### Built with the industry, for the industry

The SwO standard is built with the industry, including 13 airlines in the Settlement with Orders Group and 13 IT providers who have provided their inputs.

### How it works, in a nutshell

As explained in [the SwO implementation guide](#), the process enabling the settlement with orders using the SwO standard is fairly simple:

- **Step 1:** Once a payment is committed between a carrier and a seller, using the messaging standard supporting NDC, the carrier provides a clearance request to the Settlement Manager (e.g. IATA BSP). The carrier in return receives a clearance

## Industry State of Play

After a pilot phase, British Airways and Click Travel, the UK based TMC, are using the standard in production since April 2020. The IATA BSP platform has now been enhanced to support the SwO standard, paving the way for future mass adoption.

From the beginning of 2021, it is expected that other carriers and sellers will adopt and implement the IATA SwO standard, benefiting from the BSP SwO platform. For more information visit the [IATA SwO website](#) or write to [swo@iata.org](mailto:swo@iata.org)

# NDC InFocus: Settlement with Orders Standard

## A simpler & more efficient way to settle NDC sales

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Momchil Momchilov

17 July 2020





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# Agenda

- A new Airline Retailing world with NDC and SwO
- How does the Settlement of NDC Orders work with the new SwO standard?
- What are the benefits for the Industry?
- The program roadmap
- A transformation built with the Industry, for the industry
- Next Steps
- Q&A with the SwO Team

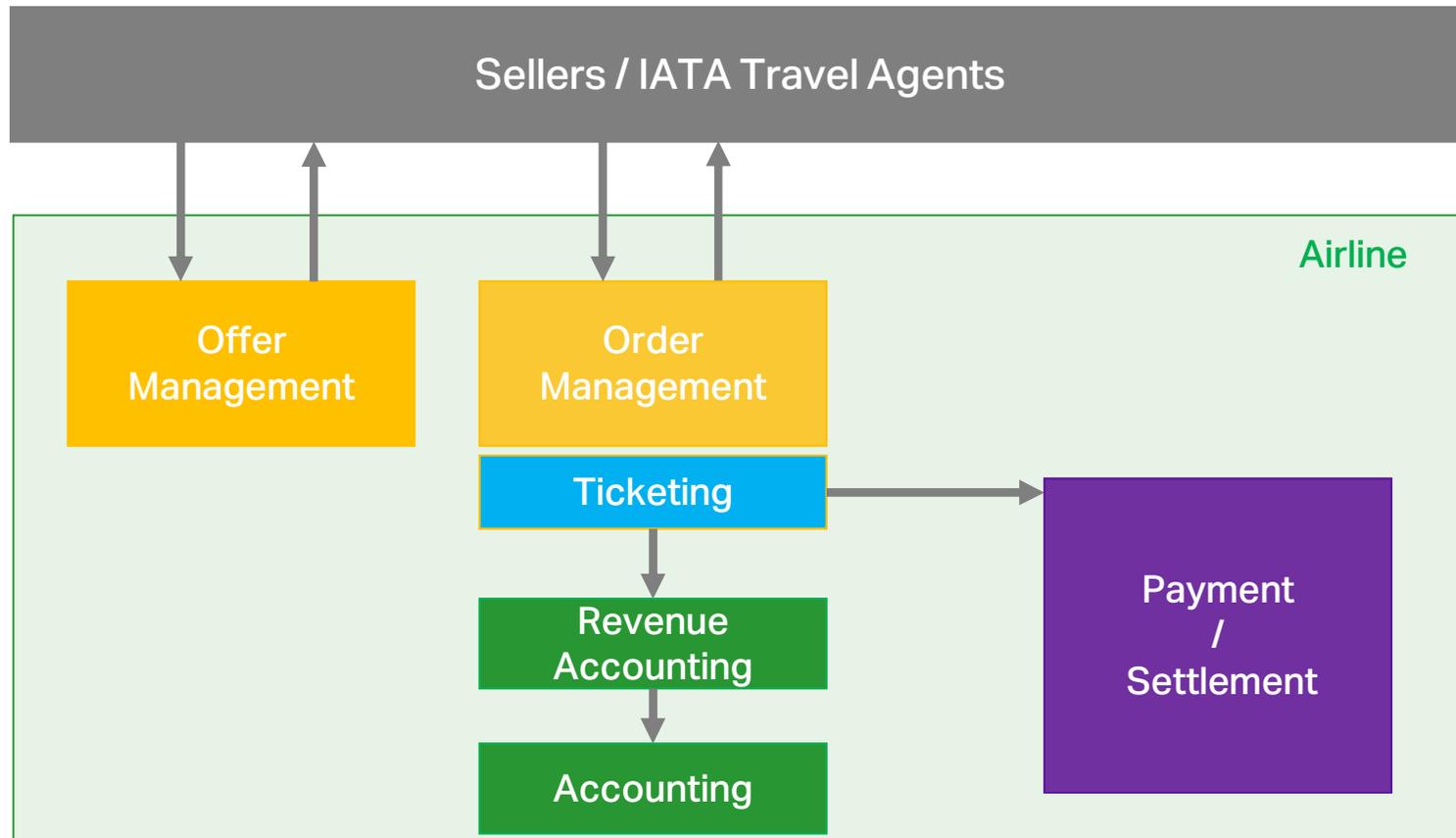
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NDC InFocus - Settlement with Orders

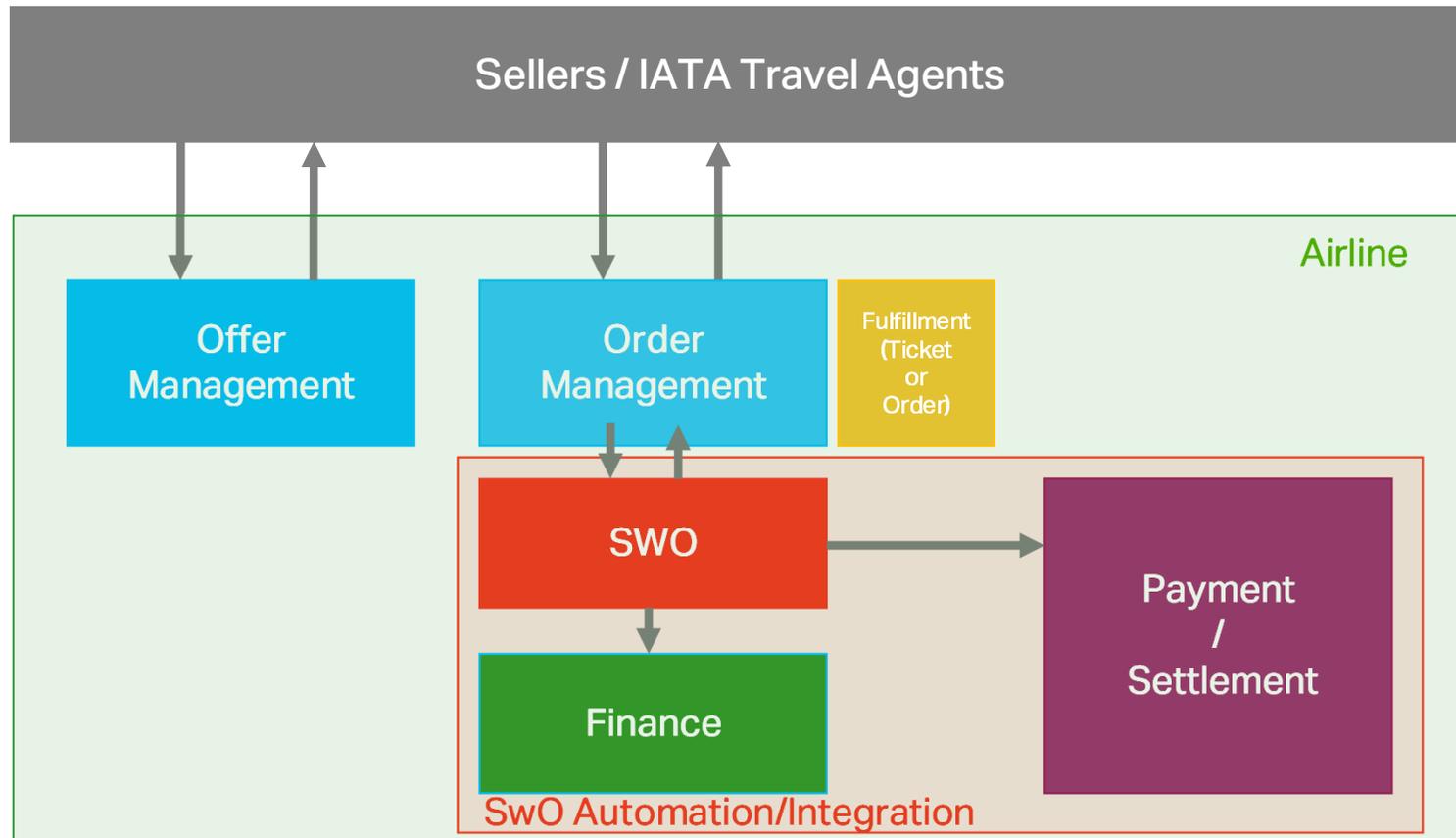


# A new Airline Retailing world with NDC and Settlement with Orders (SwO)

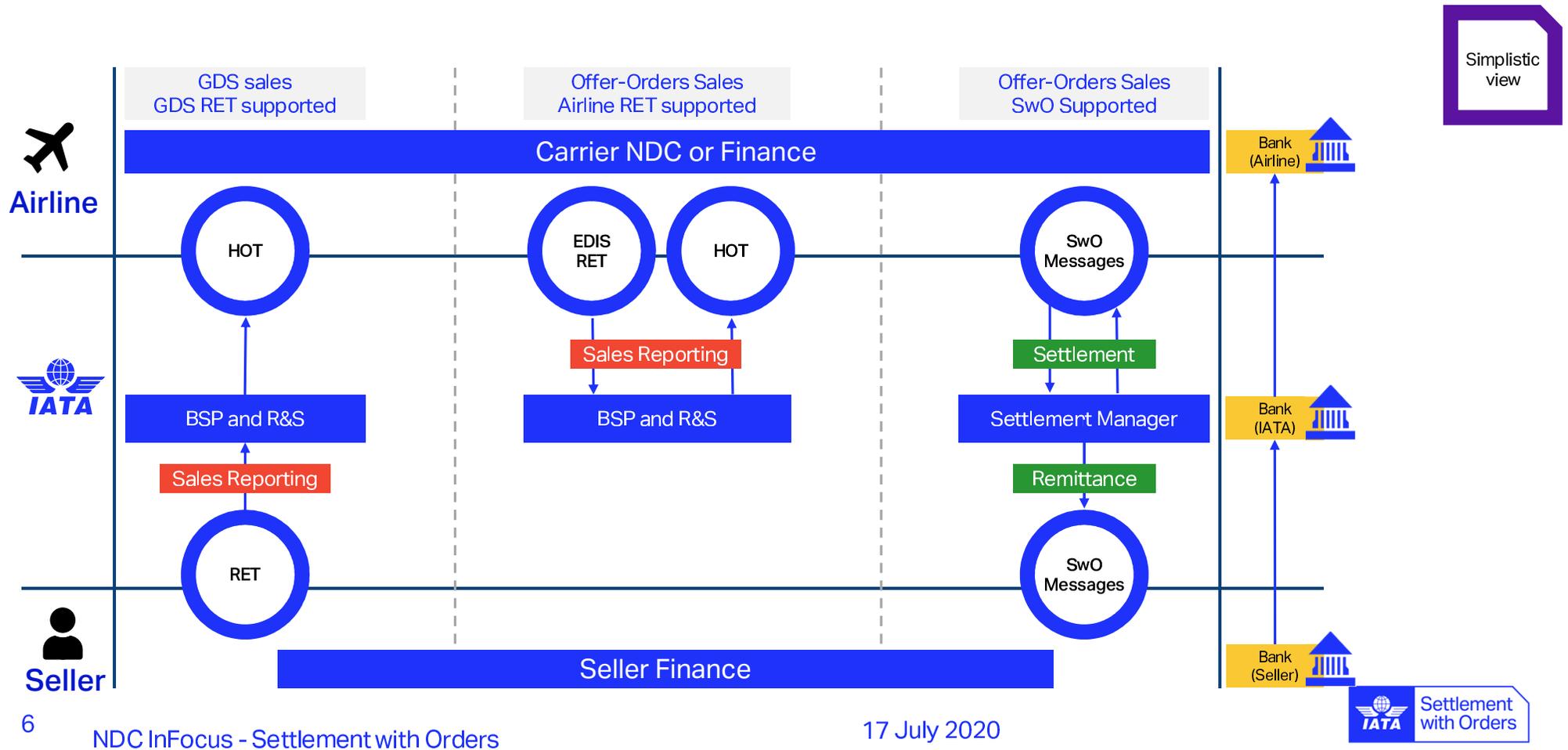
# Airline Retailing, NDC without SwO



# Airline Retailing, NDC with SwO



# Data flows to enable the Settlement in 2020



# The SwO Standard Framework is enabled

## Contractual

**PaConf\*/42 - October 2019 approved**

**Resolution 866 – Update to Definitions of Terms Used in Passenger Agency Programme Resolutions to enable SwO usage**

\*PaConf: Passenger Agency Conference

## Technical

**PSC\* - October 2019 approved**

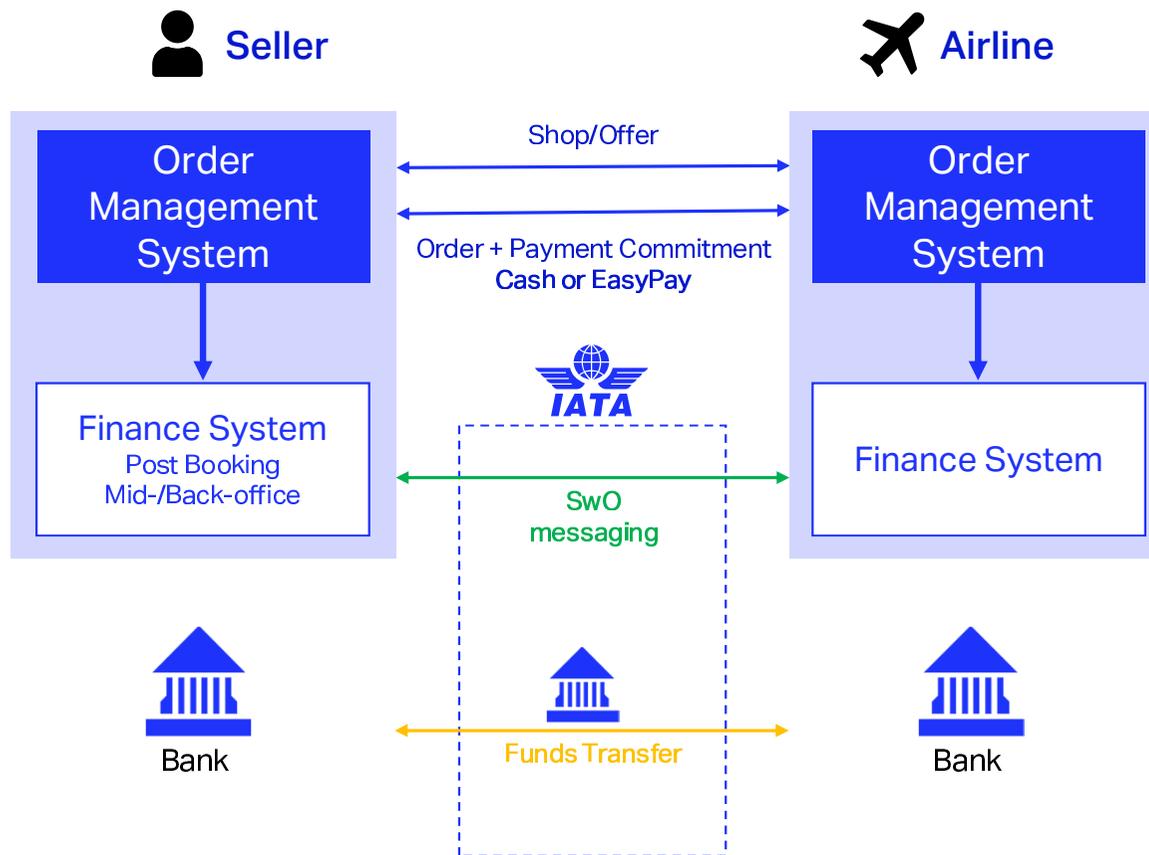
**SwO Standard Carrier-Seller**

- PSC Resolution 750a
- SwO messaging standard Rel 19.2.
- Unanimously approved by PSC on 14 Nov 2019 WAW

\*PSC: Passenger Service Conference

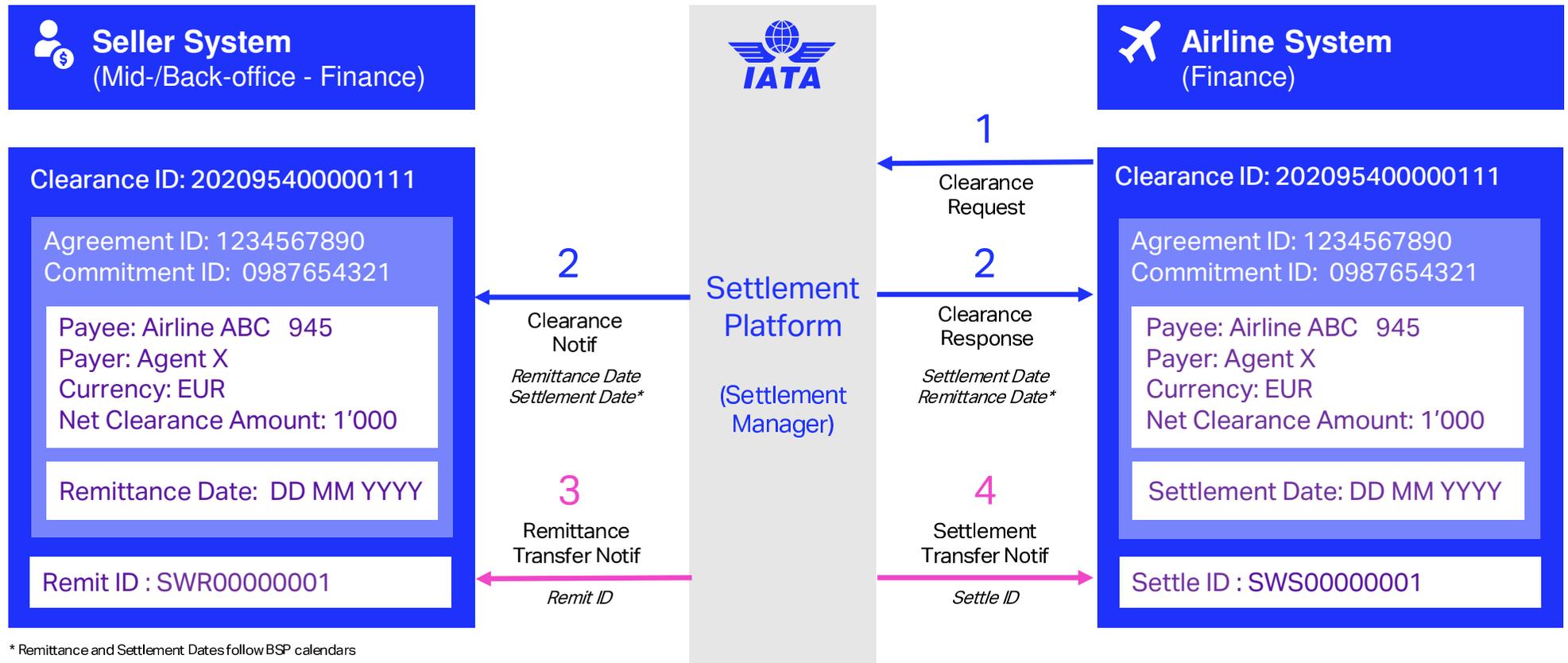
# Settlement with Orders : How does it work ?

# SwO between Carriers and Sellers



# SwO messaging flow

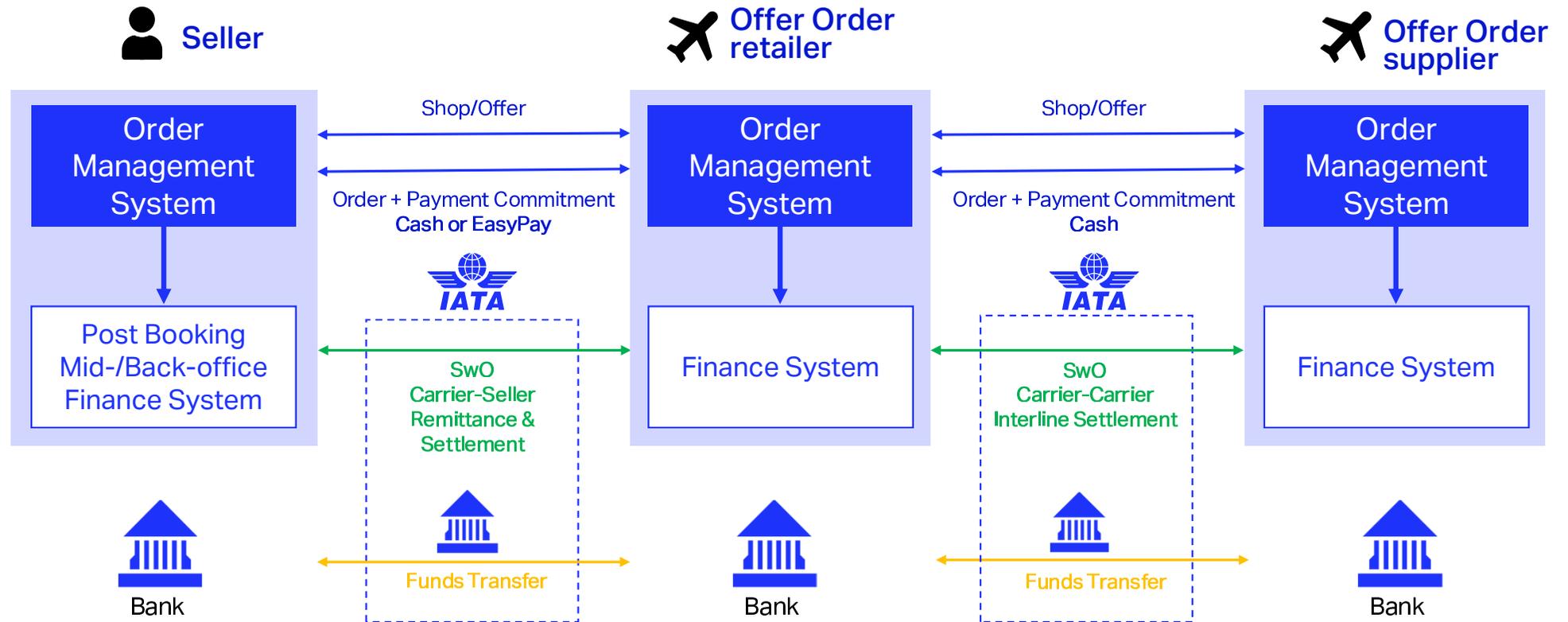
Example: Settlement in favour of Airline



\* Remittance and Settlement Dates follow BSP calendars

SwO Agreement ID = NDC Order ID  
SwO Commitment ID = NDC Payment ID

# SwO beyond Carrier-Seller settlement



# The SwO standard is published!

The screenshot displays the AIR Tech Zone website interface. The top navigation bar includes the IATA logo and menu items: INDUSTRY PROGRAMS, LABS, RADAR, HACKATHONS, and COMMUNITY. The main header features the AIR Tech Zone logo and title. Below this, there are three yellow boxes: 'Quick Links' (AIR Tech Zone Online Forums, Online Implementation Guide, Implementation Guide, NDC Schemas Download, XSD Viewer), 'Recent & Upcoming Events' (Virtual NDC Implementation Forum on 25 June and 26-27 May, Last Hackathon in Seattle, WA, USA on 21-23 February, 2020), and a partially visible 'Recent News' section. The main content area is titled 'Settlement with Orders' and includes sections for 'About SwO', 'Imp. Guide', 'XML Samples', and 'XSD Download'. The 'Settlement with Orders' section describes the clearance process and lists key features: agreed Order, resolutions governing the process, and privately arranged bilateral agreements. It also states the goal of the standard and lists benefits: transparent and straightforward process, higher degree of automation, process focused on settlement only, simplicity, and scalability. A summary states that the process and standard are compulsory capabilities for the future Order model. At the bottom, there is a graphic with the text 'Seller Agreement with OIRA' and a handshake icon.

The full standard documentation is available:

- <https://airtechzone.iata.org/industry-programs/swo>
- 19.2 & 20.1 versions
- Implementation guide, XSD schemas, XML samples

# SwO : What are the benefits for the Industry?

# SwO complements & supports NDC

Streamlined  
&  
Efficient



Simplified settlement  
of your  
NDC Orders

Easy to implement



Lean XML data  
exchange  
standard  
Simplified process

Re-usable



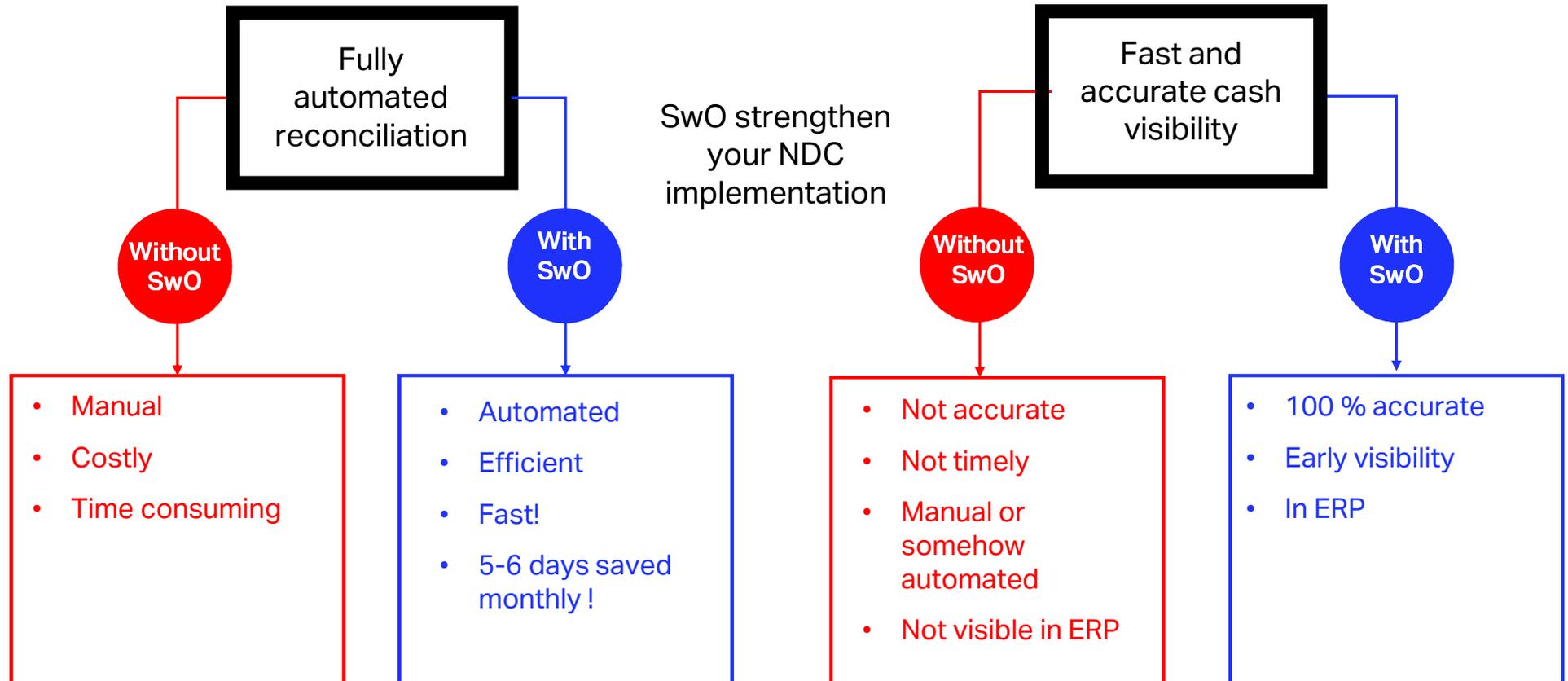
For settlement  
between any NDC  
travel industry  
partners

Supports AIR Vision



Any type of service  
Does not require  
ONE Order  
A first step

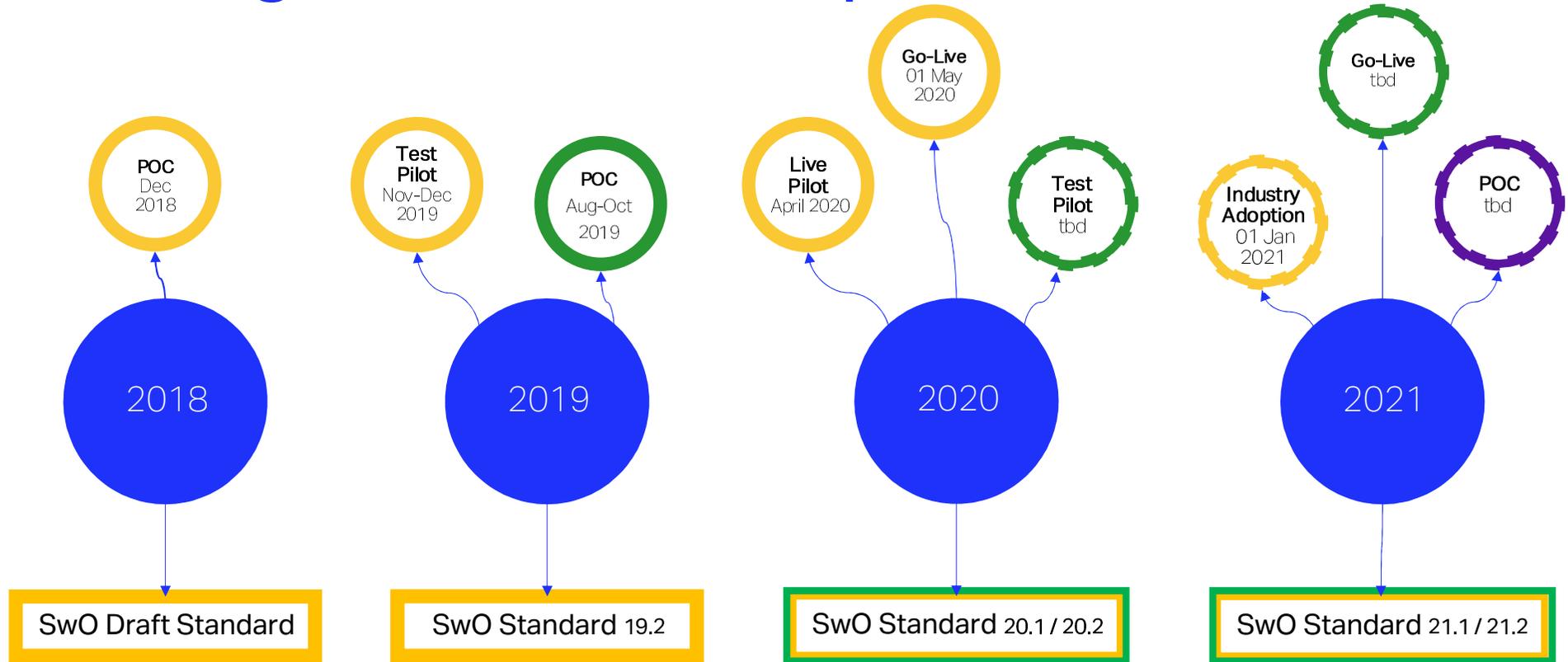
# SwO Benefits for finance (Airline & Seller)



# What is the SwO roadmap ?

Disclaimer: will change due to Covid-19 impact

# SwO High-level Roadmap 2018 - 2021



 **Indirect Sales** (Seller)

 **Retailer Interline**

 **Retailer Partners**  
(Hotels, etc.)



# Built with the Industry, for the industry



# Airlines - Settlement with Orders Group (SOG)

- Airlines set the SwO Standard
- 13 airlines participated : AA, AF, BA, CX, EK, HR, JU, KL, LH, LX, SQ, TK, UA, QF
- Reports to the Pay-Account Standards Board (PASB) under the Passenger Services Conference (PSC)
- Deals with all aspects of financial settlement between two parties – payer and payee – where at least one of the parties is an airline, and within the scope of IATA resolutions
- Sales payment & settlement processes experts with accounting and finance process knowledge

# Providers - SwO Adoption Group

Working together with various providers to allow adoption



Accounting Centre of China Aviation



Ready 2020



Ready 2020

Prototype presented Nov 2019



Lufthansa Systems



Ready 2020



MIDOCO  
OPTIMIZING WORKFLOWS



.... more to come



# First successful implementation!

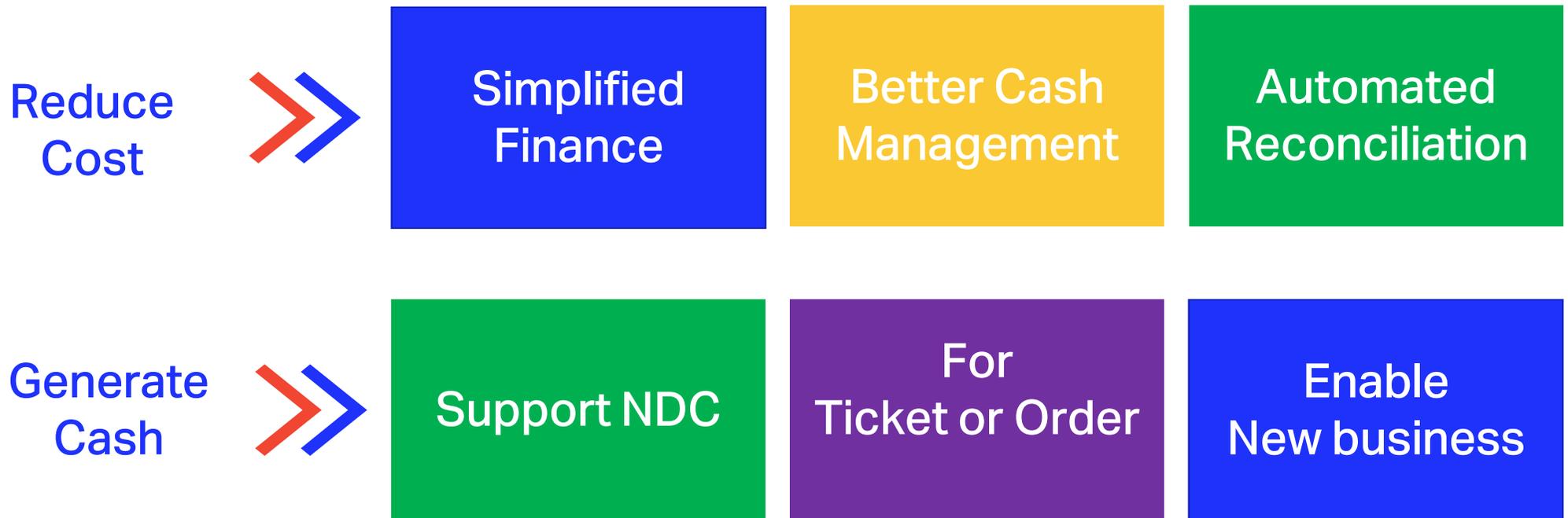


- Test Pilot: Nov & Dec 2019
- Live Pilot: April 2020
- In production since 01 April 2020
- Major benefits materialized
  - Lean messaging
  - Cash Flow Management
  - Automated Reconciliation



# The world has changed with COVID-19

# SwO supports post-COVID restart

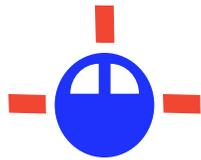


For carriers and sellers!

# Next steps

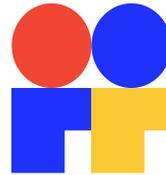


# Get ready, embrace the SwO standard!



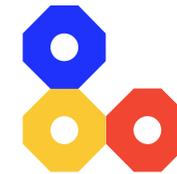
## Airlines

- Bridge the gap
- Contact your provider(s)
- Create SwO business cases
- Link SwO strategy with NDC one
- Build a plan



## Sellers

- Bridge the gap
- Contact your provider(s)
- Create SwO business cases
- Link SwO strategy with NDC one
- Build a plan



## Providers

- Involve your clients
- Get ready for SwO
- Create a plan
- Support the industry transformation

Contact IATA

Sign Expression of Interest letter

Pass certification

Contact the SwO team  
[swo@iata.org](mailto:swo@iata.org)

**Thibaut RUY**

Head Settlement with Orders Program

**Momchil Momchilov**

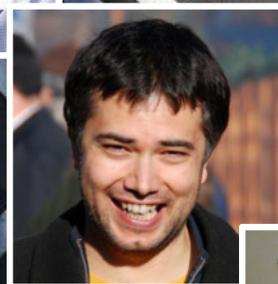
Settlement with Orders Group Secretary

**Philippe Truchet**

Head, Risk and Settlement with Orders  
Implementation

**Gianna Monsch (consultant)**

Settlement with Orders Strategy & Mobilization



Q&A