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Cutting Costs: Departure Control System

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Cutting Costs: Departure Control System

Airlines are constantly under cost pressure and are always looking for potential savings. Generally, the focus is on personnel, existing contracts and the fees that are charged. The systems airlines use are also looked at, provided there is a need for improvement, or a contract with a system provider expires. Functional existing systems are rarely questioned and evaluated from a cost perspective, however.

Why touch a system that works? More specifically: Why should you even think about Departure Control Systems (DCS)? The answer is simple: Because significant cost savings can probably be achieved here.

A DCS is used at the airport to prepare passengers for boarding, in other words to check them in and to print their boarding passes and bag tags. In addition, the weight loads are also determined by using the DCS, in the ideal case in order to produce a so-called weight and balance sheet for the pilot. The DCS communicates with the airline's reservation system. Information about bookings, passengers and the flight status is exchanged by sending various messages. Especially in the US, the reservation system and the DCS are often combined in the airline's so-called Passenger Service System (PSS). But airlines can also access the DCSs of various ground handlers and airports, which is why there is a certain lack of transparency in this market, especially in Europe. In this case, the respective ground handlers or airports normally charge fixed fees per checked in passenger.

Airlines often do not change the current DCS they are using until their system cannot keep up with the necessary functional extensions. The system itself and its basic functionality are rarely questioned. Nevertheless, we definitely recommend that you check from time to time whether your DCS still meets your requirements or whether it is "oversized" in terms of the cost-benefit factor, for example, due to excess functionality. In times of rapid technological change, you should also occasionally check whether there are significant changes in the market compared to the system you are using that were never considered before.

The costs of a DCS: What incurs them?

The costs that result are complex. Besides process-related costs and possibly material costs for check-ins, an external operation of a DCS usually has transaction costs for synchronizing the various systems (the reservation system on the part of the airline with the DCS of the respective ground handler or airport). There are usually "messages" sent as Type B between the reservation system and the DCS. Each "message" incurs costs. These include, for example, delivery of the passenger list (Passenger Name List - PNL), as well as each individual change that is made after the first delivery of the PNL to the DCS. If an external system is used, the costs are higher because you have to pay to use the system. The airline will check the incoming invoices at the end, but cost analysis and a comparison with other system solutions are generally neglected. In other words, no effort is made to find out whether the same result can be achieved more cost effectively.

It would be much too simple and incorrect for us to claim that the use of third-party systems (the DCS from a ground handler or airport) is always more expensive than using an own system solution. The challenge is to analyze the costs accurately and to compare alternative systems.

Why do airlines change their DCS so infrequently?

Again, there are many answers to this question. Partly, airlines are bound by contract with certain ground handlers or system providers for many years. Mostly, however, they simply lack the necessary transparency. The managers responsible for the contracts with airports and ground handlers often try to reduce the costs of the handling fees, in other words the staff deployed. Only rarely are the systems being used and their costs ever questioned. The difficulty involved in changing your DCS should not be left unmentioned, however.

Nevertheless: Why not consider replacing it if a new DCS brings enormous benefits and possibly significant cost savings?

You too have cost reduction potential!

PROLOGIS performed an exact analysis for a medium-sized, hybrid airline and recommended replacing its DCS. Huge savings were thus achieved: After careful evaluation of the necessary functionalities and market analysis followed by selection of a new system and a training and implementation phase, savings potential in the seven-figure range was realized. The return on investment (ROI) was achieved after only seven months and the new system also offers the latest technology.

You now ask whether and how your airline can achieve such high cost savings? Well, we can't answer that question yet, but we are at your disposal to find this out together with you.

Contact us at groundoperations@prologis.aero and arrange a meeting with our experts in this area in the near future!