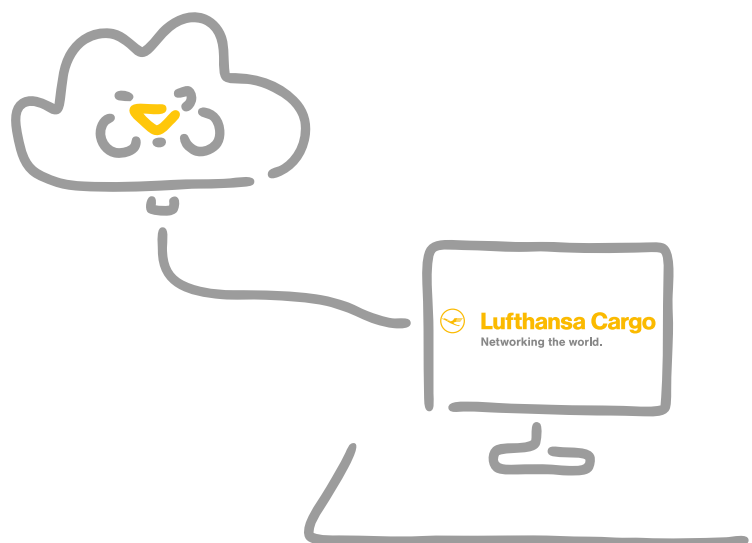


project case

'Revenue Share Engine' as Software as a Service

"Thanks to this automated, audit-proof service accounting solution, we have more time to focus on our core business with our partner airlines."

Dr. Jochen Göttelmann, CIO Lufthansa Cargo, Frankfurt am Main



Lufthansa Cargo AG

On behalf of Lufthansa Cargo AG, Sowatec developed an arregulo-based software solution, in just three months, for the automated (re)distribution of revenues from transport services provided by individual airline partners. The Revenue Share Engine (RSE) software solution is available to Lufthansa Cargo and their partners as Software as a Service.

Our customer and the project

Lufthansa Cargo (LCAG) is among the world's leading airfreight carriers. In 2016, with over 4,500 employees worldwide, they transported around 1.6 million tonnes of freight and mail and sold 8.4 billion tonne-kilometres.

Lufthansa Cargo focuses on the airport-to-airport business. Their network serves 300 destinations in around 100 countries using their own freighters, as well as the hold capacities of passenger aircraft operated by Lufthansa, Austrian Airlines and Eurowings and lorries. www.lufthansa-cargo.com

Challenge

LCAG works with partner airlines to guarantee customers the best possible coverage in terms of network and a first class service for freight flights. Different legs are covered by a variety of partner airlines.

Sowatec developed a hosted service software solution to calculate revenues to be distributed swiftly and automatically within the framework of airline partnerships and on the basis of a predefined logic.

Prior to this solution, individual airline partners settled their service costs using labour-intensive manual systems.

Goal

Our customer was looking for an automated, flexible, audit-proof software solution to determine and handle

the revenue distribution among partner airlines. We proposed the Revenue Share Engine / RSE solution.

Software solution requirements were:

- Periodic loading and validation of all the service accounting data that is required to calculate results (e.g. legs, consignments, feeder costs)
- Calculation of turnover share for individual partners at monthly or quarterly intervals using available data
- Audit compliance: calculations traceable at any time, including derivations
- Capacity to serve up to 10 different airline partnerships simultaneously
- Rigorous data separation and flexibility in handling a variety of data formats
- Solution must be hosted on a neutral server and accessible via a web front-end

Customer benefits

- Audit-proof documentation of data changes, calculations and user interactions
- Integrated system i.e. no additional consolidation measures required
- Efficiency increase and time savings through automation of work processes
- Operation as a web-based application (no hosting, infrastructure, updates and maintenance effort)
- Interfaces for data export to partners' external systems

Special Features

- **Flexibility:** easy to incorporate new partners and alter conditions
- **Scalability:** easy to add partners and manage expanding transport volumes
- **Rapid Application Development (RAD):** the project was implemented within approx. three months.

Solution

Sowatec implemented an arregulo-based software solution to calculate and settle revenue among given partners.



Respective partners use the solution as **Software as a Service via a web front-end**. Its seamless integration into existing system environments via interfaces enables reports and calculation results to be sent to Lufthansa partners.

Thanks to arregulo's flexible structure, the customer can adjust calculation bases, models and rules without changing the program code.

Each partner calculated revenue shares from transport services independently. This signified double the expenditure in terms of time, resources and personnel. In the worst case, partners would get different results, which of course then had to be re-calculated and balanced.

What are the advantages/improvements over the previous solution?

The centralized system with web front-end access allows both partners to feed data into the system and - thanks to the automated calculation and settlement - get auditable results quickly and safely as the system checks and secures the quality of incoming data streams.

The new solution not only reduces time spent on calculations, but it also enables us to keep complete records of all (past) transactions, including data and calculation parameters as well as user operations and system changes. Authorised client users can also adapt rules themselves allowing quick reactions to changes in calculation bases.

In Conversation

Interview with Dr. Jochen Göttelmann, Chief Information Officer at Lufthansa Cargo.

What were your reasons for launching the project?

We were negotiating a new business partnership and were looking for an audit-friendly, flexible and extendable service accounting software solution, which could be applied to additional future partnerships as well.

How were revenue shares for partners previously calculated?

Why did you implement a Software as a Service solution?

It allows both us and our partners global access to the system and calculations using client access via the internet - without having to provide the infrastructure and personnel required to operate, maintain or extend the system. The web client provides us with a convenient and safe basis for getting reliable results around the clock.

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“ The web client is a convenient and secure solution for calculation of our transport service revenues.”

System maintenance and lengthy update procedures are no longer an issue for us.

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What was the time schedule for project implementation?

LCAG was looking for the best solution components to support our expanding airline partnerships. Our goal was to make a convenient service accounting system available to one of our new partners from the start. This meant that the new solution would have to be designed and implemented within just one quarterly period.

What was your experience of working with Sowatec?

Throughout the project, the Sowatec team proved solution-orientated and experienced partners, able to deliver prompt support.

Are you planning to expand the project?

After a “trial phase”, we expect our other partners will start using the same platform for their service accounting.

Do you think similar processes in other areas of Lufthansa Cargo will be automated?

Yes. We are always looking for ways to automate business procedures – particularly if it can be done so effectively as we have seen here.