

WHITE PAPER

Giving Airport Managers the Tools They Need to Operate Efficiently and Effectively

A Unified Cloud ERP Can Streamline Operations, Enhance Financial Management and Make Life Easier



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The modern airport juggles a lot of moving pieces. Serving almost nine billion passengers annually, the world's airports are a flurry of around-the-clock activity, with much of that bustle going on behind the scenes and out of sight of the typical air traveler, from managing flights to negotiating vendor contracts to tracking billing, receivables and collections. In many cases, these pieces are still managed using manual processes, spreadsheets and paper, all of which stand in the way of efficiency.

As you'll read in this white paper, these systems are slowly being replaced with unified business systems that can run, track and report on end-to-end processes. You'll also learn how one of the world's largest airports is already benefitting from its decision to implement NetSuite's cloud enterprise resource planning (ERP) solution.



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Four Major Challenge Points

Made up of the runways used for the takeoff, landing and maintenance of civil aircraft—and encompassing physical facilities or terminals for passengers—the world’s airports play a critical role in getting both air passengers and cargo from point A to point B. Worldwide, about [41,821 airports](#) serve [roughly 8.8 billion passengers annually](#). [In the U.S. alone, those numbers are 19,636 and 1 billion, respectively.](#)

As the number of passengers who flow through the world’s airports continues to grow every year, airport terminal managers need modern technology systems that can both manage and leverage that growth. In 2018, for example, [total worldwide air passenger traffic grew by 6%](#) year-over-year, exceeding the average 4.3% passenger traffic growth rate that occurred between 2007 and 2017.

Run either by a municipality, an airport authority, an independent operator or a consortium of airlines, airport terminals handle the activities that passengers interact with—from processing passengers to getting them boarded on their planes to orchestrating myriad terminal facility activities (e.g. restaurants and merchandise vendors).

For many operators, the key challenges that impede efficiency and make the process difficult include:

- **Reliance on manual, paper-based processes.** A critical aspect of airport operations, service requests (i.e. for ramp services like baggage services, cleaning services, towing and de-icing) often must be transcribed onto work order forms or other manual documents prepared by MODs (managers on duty). When not enabled by technology, this process is both error prone and time consuming.
- **Leaning too hard on offline budgeting analysis.** Without a unified technology system in place, airports often find themselves “flying blind” with their budgeting processes. When departmental-level budgeting is handled offline, for instance, gaining financial visibility across the organization (i.e. ground operations, security, tenants and so forth) is virtually impossible. Overall, this labor-intensive process for offline budget analysis is a major pain point for airport managers. “These customers often have elaborate budgeting processes, most of which take place offline and are manually inputted into an Excel-based system,” said Jory Weissman, Vice President of Sales at business software consulting firm MIBAR. “Then, they extract the financial reporting and performance data from their accounting software and do the budgets-to-actuals in Excel.”

- **Can't invoice customers on time.** A measure of the average number of days that it takes an organization to collect payment after a sale has been made, days sales outstanding or "DSO" is often determined on a monthly, quarterly or annual basis. This data point creates significant headaches for airport managers, who have to track everything right down to the amount of de-icing fluid that's sprayed onto an aircraft while it's sitting on the runway (and that then gets charged to the airline). Handled manually, the tracking process can be quickly derailed when, say, a piece of paper is dropped in a puddle and rendered unreadable. "These seemingly-minor issues can really decelerate an airport's revenue," said Weissman, "and prevent invoices from being sent or paid on time."
- **Manual contract management.** For most airport flight operations, ramp services and concessions, all billing and expensing are contract-based, with most of those contracts originating on paper and then recorded to static Excel spreadsheets that

employees refer to when generating invoices. While logical in theory, these siloed, paper-based processes can quickly turn nightmarish for the companies managing them. "This is a major pain point for terminal managers, most of which are dealing with a high number of outside vendors," said Weissman. Adding to the complexity are the myriad rules governing billing, with variables like aircraft type, emplaned passengers and turns, all of which are managed manually. There are also various escalation processes that can easily be overlooked, resulting in lost revenue.

Managing these and other complexities with paper-based systems or Excel spreadsheets can greatly impact an airport terminal manager's ability to maintain good financial data, manage its financial processes and maintain revenue growth. "Many of these organizations are running offline with silos of information and attempting to create budgets and maintain contracts without good systems or data visibility," said Weissman. "That really takes a lot of elbow grease and eats up valuable manhours."



Achieving Terminal Velocity

MIBAR's Terminal Management for NetSuite was specifically designed with the airport terminal manager in mind. Pooling its 25+ years of ERP implementation experience, the MIBAR team spent three years developing this industry-specific extension of NetSuite that is typically implemented within three to six months. Focused on creating a unified experience that ties together financial reporting, budgeting, operational execution, contracts, contract management, and both customer and vendor portals, MIBAR's Terminal Management for NetSuite eliminates the friction caused by paperwork, silos and spreadsheets.

"The system eliminates all of the paperwork and delays by capturing signatures right in NetSuite and then instantly billing customers when the service is delivered," said Weissman. This electronic capture of ramp service requests presents a huge improvement over using paper-based systems to track services like de-icing.

Leveraging the NetSuite workflow engine, the terminal management platform also incorporates contract escalation processes, utilizes third-party application extensions for workflows and

incorporates various other customized elements that an airport terminal manager may need. In return, those managers gain from improved cashflow, improved billing cycles, better accuracy and labor reductions. In some instances, the MIBAR team has seen customers improve operational efficiency by up to 30%, depending on the operation and its specific needs.

By automatically identifying missed invoicing opportunities or incorrect invoices, the platform also helps terminal managers recapture revenue that their manual systems may have overlooked. This is particularly useful in an environment where contract escalations are frequently used.

"Because we've automated these processes, we can guarantee that products and services are billed properly and effectively remove the human error element out of the equation."

Jory Weissman, Vice President of Sales, MIBAR

Taking JFK's Terminal 1 From Manual Processes to Unified Cloud ERP

One of the most popular gates at the United States' most popular airport for international travel, John F. Kennedy International Airport's Terminal 1 handles much of the 33 million total international passengers who pass through JFK's gates every year. Rather than operating under the direct control of the Port Authority, each terminal is owned by an airline or consortium.

Terminal 1, for example, falls under the direction of a consortium of carriers known as Terminal One Group. Already adept at managing flights, services and shops, the consortium was dealing with some significant billing, receivables and collections challenges. With four partner airlines and 17 contract carriers, the organization needed an easier way to bill for flights out of the terminal, passengers out of the terminal and ancillary services provided to its customers. Unfortunately, Terminal One Group's manual processes stood in the way of achieving those goals.

Months-long delays, inaccurate billing and revenue stream issues were just a few of the main issues it was dealing with. It needed a better way to track its contracts, track changes in pricing over the life of the contract and track the delivery of services. Because pricing structures and fee increases differed with each airline, some of them would see annual percentage increases while others would see nominal increases.

In addition, a significant portion of Terminal One Group's revenue came from the operation of shops, restaurants and facilities, where fees were charged to the retailers as a percentage of sales. Because these pre-negotiated fees scaled with the volume of sales for each business, calculating this ever-changing percentage—and comparing it with the minimum annual guarantee on paper—was both time consuming and inaccurate.

Seeking a more unified, streamlined approach to managing its many revenue channels, Terminal One Group decided to implement NetSuite. Working with MIBAR, the company focused first on one of its biggest needs: a system to manage pricing, invoice generation and billing that was tailored to each contract that exists and intelligent enough to handle the changing needs written into the contract.

“To solve this, we developed a unique contract management solution to handle their needs and processes,” Weissman explains. “This was built to handle complex contracts the terminal had with airlines and retail tenants. With this in mind, the first step was to develop an interface within NetSuite ready to handle the contracts.” That system allows users to enter information based on building blocks presented in the contract. For example, someone can easily add a contract with Air France and segment billing by the specific service provided for an A330, A380, 777 or 787 jet.

Terminal One Group’s next focus was on contract escalation, for which MIBAR built a logic-based program that, at the beginning of a contract, allows a user to enter the percentage or dollar amount increase that occurs each year (this percentage or dollar amount then automatically adjusts as needed.) MIBAR also implemented the NetSuite Customer Portal, allowing an airline to enter information and receive the invoice with the correct pricing.

Terminal One Group also implemented a user-friendly remote order-entry platform that it uses for ancillary services like forklifts, air conditioning, generators and de-icing. “We incorporated order entry and signature capture into an app that allows an airline manager to request services from a mobile device,” said Weissman. Now, the manager walking around the terminal can request items and quantities, sign off on the request and even send it through a workflow for additional approval.

Finally, the organization needed a solution for tracking sales from more than 50 businesses that are situated in its terminal. To track what each of these tenants owed, the company now uses the NetSuite Customer Portal, which allows each tenant to log in each month, enter the quantity and let the platform do the rest.

Terminal One Group’s unified technology platform has reduced the amount of time employees spend chasing around documents, fixing errors and trying to manually enter and change inputs. It also gives users visibility, control and major cost savings, allowing the company to track every input to provide an accurate and timely invoice for clients.

Now, the organization can bill more accurately, collect more money and serve its clients more effectively.

“Tenants can easily see what they owe for the month based on what was sold. Terminal One Group can then automatically generate an invoice incorporating both the minimum annual guarantee and tiered cost structure.”

Jory Weissman, Vice President of Sales, MIBAR

Managing All of the Moving Parts With Ease

Focused on improving accuracy and enhancing efficiency, airport terminal operators around the globe are turning to technology to help them meet these and other goals. For operators like Terminal One Group, the all-encompassing answer to that question lies in a unified cloud ERP system that effectively manages the firm's multi-pronged financial operations.

Add MIBAR's Terminal Management for NetSuite to the equation, and the result is an end-to-end solution that helps terminals break out of their paper-based ways and start maximizing technology tools that will help them accommodate the billions of passengers that can confidently rely on their services year after year.

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