

# Commission recovery firm recovers from Covid in good shape

By Robert Silk ✉ | May 12, 2021

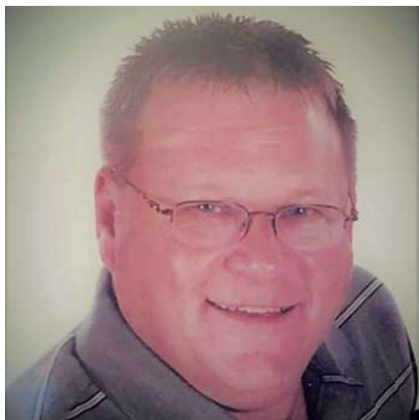
Over the past 30 years, Columbus, Ohio-based Automated Commission Technologies (ACT) has helped travel agencies catch tens of millions of dollars in commission payment errors prior to ARC settlement, company owner Bill Roebuck estimates.

But when Covid-19 devastated the travel industry last spring, Roebuck wondered if the time had come to close up shop. ACT survived after airlines did away with most commission payments in the early 2000s, but only after reducing his staff of 11 to just himself.

By 2020, his staff was back up to four, and revenues had never been higher. But the pandemic dented ACT's volume by 80%, Roebuck said, and sliced its client list of 70 in half.

"It was a tough choice," Roebuck said. "I could fold up our tent. I was 65. We had a good 2019. I could take what I made, which was generous, and retire."

Instead, with the encouragement of employees, Roebuck decided to persevere. He kept his staff intact with the help of PPP and Small Business Administration loans and by foregoing his own pay and reducing employee hours.



Bill Roebuck

Meanwhile, ACT used the downtime to improve its AirComm software program and to develop a new web application, which, once complete, will enable agencies to automate the accounting adjustments they must make after AirComm detects commission mistakes.

Now, as travel ramps back up, Roebuck is optimistic for the industry and for ACT's prospects. With staff sizes having been reduced at many travel agencies, he foresees a growing need for companies to use a system like AirComm.

"Lots of talented people who really understood commissions were laid off," Roebuck said.

The premise of the AirComm software system is relatively simple. Each day, the ACT team downloads ARC's complete passenger name record (PNR) database from the previous day, then runs it through the AirComm software system for analysis. The software matches PNRs with the airline commission contracts of ACT clients, then flags when a commission is too low as well as when an overpayment is made.

Client agencies then review AirComm's findings, and if they agree, the ACT team changes the record in the ARC settlement system. All records must be changed within 24 hours.

Roebuck estimates that there is a 5% error rate across his clientele, with the majority of mistakes being underpayments and many of the mistakes being made by the agencies. But some errors are overpayments, and changing those also aids agencies, since doing so staves off subsequent debit memos.

Roebuck explained that, in general, airline commission formulas have become more complicated in recent years, largely due to prorating. Previously, airlines typically only paid either the outbound or inbound commission rate on a roundtrip itinerary, with the lower of those applying. Now, however, agencies can claim two commissions on one ticket, receiving the applicable commission on both legs.

Mohammed Ali, corporate manager for the Los Angeles-based agency TravelStore, which is an ACT client, concurred that prorating, among other practices, has made reconciling commissions more complicated. He said that a hefty 40% of TravelStore's PNRs are changed after being processed by AirComm, due to commission errors.

Savings can be substantial, he added. For example, Ali said that one day recently TravelStore issued four international tickets. When those PNRs were processed through AirComm the following day, \$753 worth of commission underpayments were discovered.

Peter Vlitas, senior vice president of airline relations for Internova Travel Group, another ACT client, also praised the AirComm service.

"Now more than ever, there's definitely return on investment, because every penny counts," he said. "It's a great audit tool. And look at the landscape: Everybody has furloughed people, so you don't have a lot of eyes."

Roebuck says his AirComm system is the last chance for agencies to claim commission.

"Once the 24-hour ARC edit window closes, there are not retroactive claims available," he explained.

He said that over the course of the pandemic, ACT has improved the tools the company uses to integrate airline/agency commission contracts into the software. Meanwhile, the upcoming alignment capability between AirComm and back-office accounting systems will make using the product more efficient than ever.

"With our improvements in automation, we can support smaller-volume travel agencies, where [before] it really wasn't cost efficient," he said.

As for commission rates, Roebuck said they've held steady at the Big Three U.S. airlines. He predicted that when long-haul international travel starts opening up, carriers might even tactically boost commissions on key routes for several months as they compete for returning business.

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