


AJW

aero
dynamic

————— AJW MAGAZINE ————— 

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Quality is a culture in itself at AJW, a way of life both inside and outside the working environment. It permeates our whole business. Quality is not 'in addition' to our general business processes; it fundamentally shapes how we work. Most importantly, it's the mindset that motivates everything we do for our customers.



Strategic Vision

Christopher Whiteside, President and CEO, AJW Group

Whilst we have built our business as a renowned aircraft parts provider and MRO, all successful companies must continually evolve to meet the changing needs of their customers and, for AJW, that evolution has technology at its heart.

In the future,
I see AJW as the
Amazon of the
aerospace industry.



Technology will allow us to evolve our company's operation from a supplier to an enabler with a sophisticated trading platform, and technology to help our customers increase efficiency through our industry-leading predictive maintenance solutions.

In the future, I see AJW as the Amazon of the aerospace industry through our development of a real time, fluid trading platform. This will enable our customers to easily access components from a strategically located global inventory and with minimal paperwork – removing major inefficiencies from the supply chain. The owners of those parts will be able to monetise them securely, harnessing an efficient transactional solution to enjoy highly effective component asset management.

Our strategy is to redefine aviation supply chain management so we can be an enabler and a facilitator that meets the needs of both our customers and partners.

Our continuing partnership-based approach with major OEMs is an integral element of this strategy. I am agnostic about who we partner with – whether it is an aircraft OEM such as Airbus, Boeing or Bombardier, an airline customer, or a component OEM such as Honeywell or Meggitt.

AJW's greatest strength is its independence, and it is that – together with our size and the reputation of our brand – which gives us the freedom and fluidity to move with the market's needs, setting us apart from the competition. Our digital platform gives OEMs access to a large addressable customer market via just one channel, and enables us to deliver volume aggregated discounts to our customers.

We can achieve this through our unique combination of a large customer base, longstanding OEM partnerships, a powerful digital platform, many years of industry insight and expertise, and a proven logistics operation; enabling us to deliver efficiency at every stage for customers and partners alike.

In the years ahead, AJW will broaden its operation, where we will develop platform-based trading in other sectors that our partner OEMs already have a presence in, such as rolling stock, heavy machinery, helicopters and military equipment.

Another key element of our future strategy is the development of an industry-leading predictive maintenance system. To do this, we are drawing on many years of experience, and component usage data from a contracted fleet of more than 4,000 aircraft, and longstanding partnerships with major parts OEMs across the globe, to create a system which accurately predicts the advance point of failure.

This will enable our airline customers to drive down the costs of unscheduled maintenance, and the wider costs associated with AOGs. It will also enable us to work with them to more effectively plan the make-up and location of their component inventories, using our data, insights, and proven logistics operation to ensure their assets are optimised, avoiding unnecessary capital outlay.

In short, I want AJW to be like the Intel processor – the 'chip' that makes every transaction work seamlessly and efficiently.

WITH A COMBINATION OF SMART TECHNOLOGY, A CONTINUOUS IMPROVEMENT ETHOS AND MANY YEARS OF ACCUMULATED EXPERIENCE, AJW ENHANCES AND STREAMLINES PROCESSES WITHIN THE SUPPLY CHAIN, RESULTING IN EFFICIENCIES FOR ITS CUSTOMERS AND THE INDUSTRY AS A WHOLE.



DIGITAL EFFICIENCY

IMAGINE A WORLD OF SEAMLESS TRANSACTIONS AND FULLY INTEGRATED SYSTEMS WHERE EVERYONE CAN SEE THE SAME DATA IN REAL TIME. A WORLD WHERE THE HUMAN ELEMENT (AND HEIGHTENED RISK OF ERROR) IS ELIMINATED, ENABLING SMARTER, FASTER AND MORE EFFICIENT BUSINESS PROCESSES, INTELLIGENCE AND OUTCOMES.

As a company with a proven track record of delivering efficiencies in the aerospace sector, AJW is working towards this scenario, and is spearheading a number of digital initiatives to enhance operational efficiency for its customers and colleagues alike.

With 30 locations across five continents, local server-based data storage presents challenges of both capacity and consistency. Consequently AJW is migrating its data and many core digital services onto cloud-based storage systems.

This brings with it a number of inherent and future-proofed advantages, such as the ability to store all data in one secure location that is globally accessible, and can be scaled to meet increasing capacity needs.

Holding all of the data in one place enables AJW to create a powerful data warehouse from which the company can create the key building blocks for wider digital information. These include providing accurate and robust information for business intelligence, market and operational analysis and insight, and executive information.

It will also enable AJW to guide and boost its predictive analytics expertise, and further develop a best-in-class predictive maintenance offering.

As part of this digital evolution, AJW is also introducing a digital services platform for customer use to ensure efficient and effective interaction in all transactional areas.

It incorporates a highly responsive portal which enables customers to manage transactions on a live basis, with a dashboard that tracks work related to their contracts, displays performance against service level agreements, shows work queues and allows customers to manage requests and transactions for components. The platform is designed to quickly and reliably integrate with third party software systems such as AMOS or SAP.

OVER THE NEXT THREE YEARS, AJW WILL FULLY DEVELOP A MODERN CLOUD-BASED INFRASTRUCTURE, PROVIDING CUSTOMERS WITH THE ABILITY TO EFFECTIVELY ENGAGE DIGITALLY IN REAL TIME ACROSS MULTIPLE PLATFORMS.



IN AN INDUSTRY THAT IS UNDER CONSTANT PRESSURE TO FIND EFFICIENCIES, IT'S NO SURPRISE THAT AIRLINES EXPECT THEIR PARTNERS TO EVOLVE TO MEET THEIR EVER-CHANGING NEEDS.

technical BOLSTER

AJW is currently driving two initiatives to bolster its technical expertise and offer solutions that deliver greater efficiency for airline customers around the globe. These will ensure that technical support is provided quickly and in a way that delivers an enhanced return on customer engineering spend.

The first initiative is the establishment of a new group-wide value engineering team based in Canada, complementing the existing teams in the UK and Singapore. This gives AJW the ability to provide technical support in the time zones of all its customer regions, enabling faster response times than ever before.

Being based in Montréal, the team of three will be able to tap into the expertise of one of the world's foremost aerospace hubs, enabling them to provide greater technical insight and innovation to AJW's airline customers, whilst also supporting its new supply chain management contract with Bombardier Business Aircraft.

The team is also providing AJW's airline customers in the Americas time zones, such as Air Transat, Air Canada and flybondi.com, with an optimised return on engineering spend through a component reliability management solution, working alongside AJW's component maintenance specialist, AJW Technique, which is also based in Montréal.

AJW's second initiative is the development of a predictive maintenance system, adding value to customers by reducing aircraft component and system failures, and so driving down the cost of unscheduled maintenance.

An integral part of this is the development of a proprietary value engineering database. This captures AJW's growing lake of component usage data, and combines that with its longstanding experience and knowledge. These insights enable AJW to create optimal component maintenance and replacement schedules for its customers.

It also enables AJW to optimise the repair scopes of its MRO partners, and the component prices offered by OEMs, ensuring that not only best practice, but also the best value, flows through to its customers.

Predictive maintenance is proven to deliver efficiencies to airlines and whilst it can lead to a greater amount of scheduled maintenance, replacing components early lowers failure rates, and drives down the considerably greater costs that airlines can incur from unscheduled maintenance and AOGs.



How well does your supply chain contribute to your brand values?



AJW supply chain management

- Streamlined vendor management
- Forward procurement planning
- Integration of systems
- Locally positioned inventory
- Global AOG and logistics support
- In-depth performance tracking



Airline objectives

- Reduction in supply chain inefficiencies
- Reduction in operating costs
- Reduction of internal resource
- Build brand reputation
- Exceed passenger expectations



Customer expectations

- On-time departures
- Reliability
- In-flight experience
- Value for money

The continued rise in air travel is accompanied by the ever-increasing demands of the air traveller and their lifestyle. Today, consumers set their expectations high; from direct routes, ease of booking and tracking of flights, through to on-time departures, on board surroundings and facilities; in other words, the entire end-to-end travel experience.

These high consumer expectations do not stop there; they come hand-in-hand with a desire to pay less. As a result, never has there been a time when the total customer experience has been more central to an airline, as they aim to deliver the experience and focus on building their brand reputation as a reliable and value-for-money carrier of choice.

You'd think this would be simple. But coupled with uncontrollable market complexities, including increased competition and the changes in fleet to the new fuel-efficient aircraft, this leaves airlines facing complex challenges.

The reality is that airlines have few paths within their control in which to reduce costs and improve efficiencies whilst building a positive brand reputation and delivering the experience that the passengers now demand.

SUPPLY CHAIN MANAGEMENT

One area the airlines do have control of is how much of their supply chain they manage themselves versus how much they choose to outsource.

AIRLINES SEEKING GREATER EFFICIENCY AND RELIABILITY MUST ASK THEMSELVES HOW THEY WISH TO MANAGE THEIR SUPPLY CHAIN AND ASSETS. IF THEY CHOOSE TO OUTSOURCE, THEN THEY NEED TO DETERMINE WHO THE RIGHT PARTNER IS.

In order to gain the greatest efficiencies and reduction in costs, airlines must consider outsourcing a greater amount of their supply chain to specialist providers.

This is because it is difficult for an airline to maximise efficiencies, drive down costs and maintain quality, as they are only managing their own fleet. Whereas, providers such as AJW Group, who manage large portfolios of fleets across the globe, gain greater economies of scale and purchasing power, as well as providing the expertise and infrastructure to manage the entire supply chain effectively.

AJW GROUP IS A WORLD-LEADING INDEPENDENT SPECIALIST IN THE SUPPLY, EXCHANGE, REPAIR AND LEASE OF AIRFRAME AND ENGINE SPARE PARTS. THROUGH INNOVATIVE AND TAILORED SERVICES, THE COMPANY DELIVERS HIGHLY EFFECTIVE SUPPLY CHAIN, ASSET MANAGEMENT AND CHANNEL PARTNER SOLUTIONS TO TRANSFORM AVIATION EFFICIENCY.

In addition, by outsourcing, an airline can reduce and streamline their own vendor management, leaving a single service provider to manage the entire myriad of suppliers in the aftermarket industry whilst minimising internal resource.

Further efficiencies can be gained by choosing a provider with their own MRO facility. By having its own state-of-the-art MRO facility, AJW Technique, AJW has control over, and can guarantee the quality of repairs as well as the turnaround times. This combination, alongside the analysis of the huge volume of repair data available, enables AJW to support its customers and maximise the time-on-wing, thus improving the airline's reliability.

COLLABORATION AND ALIGNING TO KPIS

Over the recent years, AJW has been working with airlines such as easyJet, and more recently leading OEMs, to develop an integrated approach. By collaborating and aligning with our customer's KPIs, we have been working in close partnership to deliver efficiencies, allowing them to focus on their core service and brand reputation.

ADDING TO THE BOTTOM LINE

In order to maximise financial efficiencies, the investment in assets by airlines must also be explored. As airlines streamline their inventory or go through the process of fleet renewal, any available stock should be reviewed and consideration given to how the asset owner can gain further financial returns on that investment.

AJW COLLABORATES WITH AIRLINES TO BETTER UNDERSTAND THEIR MATERIAL PLANNING ENVIRONMENTS AND DEVISES FLEXIBLE AND TAILORED PLANS FOR AVAILABLE ASSETS. ITS EXPERT GLOBAL SALES TEAMS PROVIDE ASSET OWNERS WITH A CHANNEL TO ACCESS THE ENTIRE AFTERMARKET IN ORDER TO MAXIMISE THE RETURN ON THEIR INVESTMENTS.

A FUTURE OF STRATEGIC PARTNERSHIPS

Airlines seeking greater efficiency and reliability must ask themselves how they wish to manage their supply chains and assets. If they choose to outsource, then they need to determine who the right partner is.

One who provides a holistic approach and complete integration with their systems? One who also aligns itself with the airline's KPIs and goals? Or perhaps one who delivers all of this and has the expertise and innovation to bring greater value and efficiencies within a supply chain environment, thus allowing their customer to focus on delivering brand value and exceeding the demands of today's consumers.



an innovative PARTNERSHIP

THE EASYJET SUCCESS STORY HAS
EFFECTIVE COST CONTROL AT ITS HEART.

easyJet

AJW IS PROUD THAT ITS PARTNERSHIP WITH EASYJET HAS MADE
A CONTRIBUTION TOWARDS THE AIRLINE'S STRONG UNDERLYING COST
PERFORMANCE, ACHIEVED THROUGH STRICTLY MANAGED COMPONENT
REPAIRS AND A HIGHLY EFFECTIVE AND ECONOMIC AIRCRAFT PARTS INVENTORY.

A key focus for easyJet has been investing in operational
resilience across its network and reducing disruption costs.

AJW has been able to deliver a demonstrable and measurable
difference by creating an analytical forecasting model which
was able to identify which consumables and expendables are
required when at the right line station across easyJet's fast-
growing European network. The model is used by easyJet and
AJW to identify when to re-order those parts for the 300-plus
strong fleet of A320 family aircraft.

AJW has supported easyJet's wider strategy on reducing
technical issues. While the agreement saw AJW take
responsibility for easyJet's component repair and overhaul,
plus the supply of consumable and expendable parts such
as filters and lubricants, AJW has continued to drive
efficiencies within easyJet's outsourced supply chain.

This innovative cost-per-flight hour contract was a landmark
moment for AJW. It marked the emergence of a new dynamic
which saw the company emerge as a leading independent
provider of technology-led services that enable airlines to
completely outsource their inventory requirements.

The partnership with easyJet is based on the needs of both
parties to identify and deliver continuous improvement, with
the planned growth in both fleet and network size factored in.

To that end, AJW is creating a real-time online portal which
will use GPS technology to track the location of AOG parts,
enabling easyJet to have full visibility as to where any particular
part is in the supply chain at any given point in time.

The portal will virtually eliminate the need for time-consuming
phone calls and emails as the necessary information will be
on-screen.



CHRISTOPHER WHITESIDE, PRESIDENT
AND CEO OF AJW GROUP, SAID:

**"THIS HAS BEEN A GROUND-BREAKING
PARTNERSHIP WHICH I'M DELIGHTED HAS GONE
FROM STRENGTH TO STRENGTH WITH EACH
PASSING YEAR. IT HAS UNDERLINED OUR
CREDENTIALS AS A LEADING LOGISTICS AND
TECHNOLOGY SUPPLIER IN THE INDUSTRY.**

**IT'S HUGELY SATISFYING TO SEE THE CHANGES
THAT WE HAVE ACHIEVED TOGETHER
TRANSLATING INTO BOTH IMPROVED
OPERATIONAL AND FINANCIAL PERFORMANCE."**



DISCOVERING new heights

DECADES OF GROWTH HAS SEEN AJW EVOLVE FROM BEING RECOGNISED AS A WORLD LEADING PROVIDER OF SPARE PARTS FOR AIRBUS, BOEING AND BOMBARDIER TO AN ACCLAIMED PROVIDER OF SOPHISTICATED SUPPORT SERVICES VALUED BY AIRLINES, OEMS AND MROS AROUND THE WORLD.

It is a journey which has seen AJW acquire 1,000 customers in 117 countries and contracted support for over 4,000 commercial and business aircraft.

A journey that has recently reached new heights having secured its first-ever contract with a major aircraft OEM, Bombardier. This is a huge strategic achievement for AJW and one that adds thousands of aircraft and a range of business jet platforms to its growing portfolio.

With an ethos to be dynamic, innovative and drive efficiencies through continuous improvement, it is a journey that will never stop.

How has AJW managed to secure a contract to support a major OEM in a completely new platform?

Being an independent company has meant that AJW has had the freedom and flexibility to evolve with the changing needs of its customers and has been able to develop an unrivalled understanding of the industry's supply chain that is regarded as second to none.

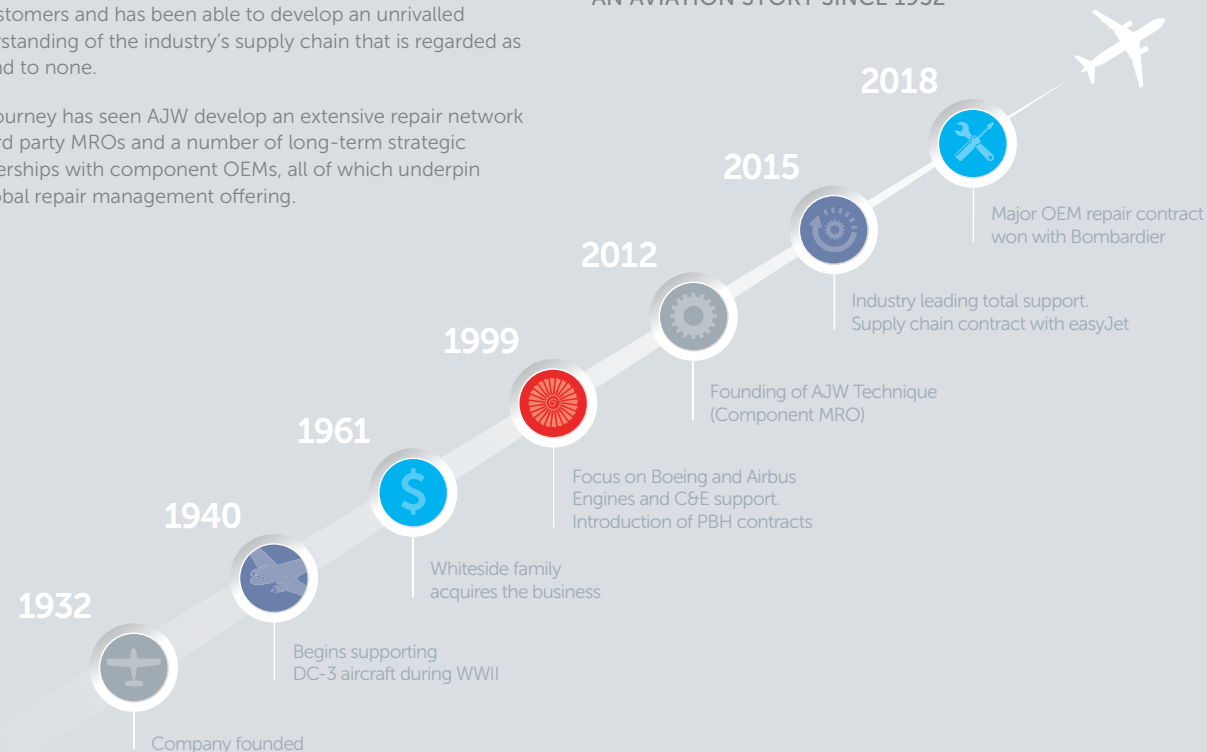
The journey has seen AJW develop an extensive repair network of third party MROs and a number of long-term strategic partnerships with component OEMs, all of which underpin its global repair management offering.

In 2015, AJW secured a revolutionary supply chain contract with easyJet. A contract that added to its growing portfolio of customer support and cemented AJW's position as the leading independent provider of component support programmes worldwide.

Aligned to its ethos, AJW continually looks for ways to deliver value to easyJet from the supply chain and to ensure it continues to be a partner it can trust – a business model and approach that could be harnessed by more than just airlines.

With the combination of this expertise, excellent customer service, a powerful digital platform and a proven logistics operation, AJW stood out from the crowd. And in 2018, signed a long-term agreement with airframe OEM, Bombardier. A major strategic win for AJW.

AN AVIATION STORY SINCE 1932



Under the agreement, AJW undertakes all the repair management for Bombardier's rotatable inventory. A key feature of the contract is that AJW is now the sole contractor for the strategic sourcing of repairs from OEMs and MROs, including AJW Technique for component repair and overhaul services. AJW manages the entire repair process, delivering performance and efficiencies.

AJW also provides dedicated repair specialists under the agreement, using its world-class portal and predictive analysis to help the OEM improve component reliability, time on-wing and its customer service – a partnership which aims to reduce operating and total lifecycle costs.

WHILE AJW IS ON A NEVER ENDING JOURNEY, IT IS THIS PARTNERSHIP APPROACH THAT UNDERLINES THE COMPANY'S NEW DIRECTION, PERFECTLY POSITIONING IT TO TAKE ON ANY CHALLENGE FOR ANY CUSTOMER. AN INNOVATIVE AND SOPHISTICATED TOTAL SOLUTIONS PROVIDER WITH A UNIQUE INSIGHT THAT CONTINUES TO TRANSFORM AVIATION EFFICIENCY.



AS ORGANISATIONS THAT INVEST HEAVILY IN RESEARCH, DEVELOPMENT, TECHNOLOGY AND MANUFACTURING, IT MAKES SENSE THAT AFTERMARKET SALES FORM A PART OF A MANUFACTURER'S BUSINESS MODEL TO RECOUP THE UPFRONT COSTS. HOWEVER, IT'S A DEVELOPMENT WHICH HAS LEFT MANY WONDERING WHETHER THE EXISTING AFTERMARKET PROVIDERS AND ORIGINAL EQUIPMENT MANUFACTURERS (OEMS) SHOULD BE REGARDED AS FRIEND OR FOE.

IN THE CASE OF AJW, THE HAND OF FRIENDSHIP IS FIRMLY EXTENDED.

a hunger for success

Why would an OEM share the table with an aftermarket provider?

The traditional aftermarket sales environment of selling large initial provisioning packages is dwindling due to the wider availability of used serviceable material and the tendency for airlines to outsource their spares requirements through contracts such as power-by-the-hour (PBH). The OEMs want to capture this MRO spend undertaken within PBH contracts. AJW directs the bulk of its PBH work to the OEMs, with around 30% going to its own MRO, AJW Technique, filling the OEMs' shops and building optimal aftermarket relationships.

Traditionally component OEM relationships lie predominately with aircraft manufacturers and, to some degree, operators with larger fleets. If an OEM is looking to take a larger slice of the aftermarket, they would need to form new relationships with a diverse customer base, including airlines with smaller fleets, MROs, leasing companies and thousands of brokers worldwide.

The current set up for a larger OEM tends to be engineered towards the high-volume users of their components rather than ad hoc requests for a single part or repair. Additionally the new airline customer is likely to require an outsourced nose-to-tail solution and be unwilling or unable to manage multiple OEM relationships.

Forward-thinking OEMs are overcoming those barriers by working with existing aftermarket providers. AJW can offer customised route-to-market solutions and much more, having established relationships with over 1,000 customers – airlines, MROs and leasing companies – globally.

The aftermarket has been AJW's business for nearly 90 years and they know it well. AJW also has the infrastructure needed, with customer service teams all around the world, speaking the customer's language – both literally and in business.

As OEMs do not necessarily have the right aftermarket support services to compete with aggregators or nimble trading organisations, collaboration with an established aftermarket provider is the logical solution.

How does the sharing work in practice?

Along with the advantages outlined above for the OEM, there are benefits to an aftermarket provider from the relationship, delivering mutual benefits. AJW needs the technical, reliability and Service Bulletin/Airworthiness Directive support. They also benefit from a competitive MRO cost base with the ability to invest in new assets at a better price. OEMs put strategies in place to address the aftermarket in new platforms, making the relationships even more important.

As an example, AJW has a working agreement with Honeywell – an OEM which is highly selective in choosing the businesses it works with. Honeywell benefits from the relationship as AJW provides a cost-effective and established route to the wider aftermarket. This generates revenue streams across sales and repairs that they wouldn't normally receive, as well as an overflow repair from AJW's MRO, AJW Technique, as a Honeywell licensed repair shop.

Honeywell is a key manufacturer of components used across the wide range of platforms AJW supports, including the Airbus A320 and A330 family, Boeing and Bombardier Business Jets. This in turn enables AJW to consolidate the volume and flow this through Honeywell, leading to greater purchasing power.

The scale of the relationship between the companies has seen 3,271 transactions – including 1,346 parts approved by Honeywell – in both repairs and parts supply.

OEMs, such as Honeywell, Thales and UTC Aerospace Systems have come to understand that the revenue the organisation can drive for them means AJW should not be regarded as a competitor, but as a sizeable customer. More importantly, perhaps, it should be regarded as valuable in reaching the aftermarket cost-effectively.

Are there any benefits to an airline?

Airlines expect the highest standard of parts and repairs. AJW's relationships with the OEMs help deliver that level of reassurance which is beneficial to the airline, especially when they own the assets, while maintaining a high standard of customer service through the management of a complex vendor base. AJW regards itself as an OEM-centric organisation.

Repairs through AJW either go to the OEM or an established highly-selected network of MROs including AJW's own repair shop, AJW Technique in Montréal, Canada. The level of trust is such that AJW Technique is relied on to repair safety critical components such as Air Data Inertial Reference Units.

Where necessary, AJW can also be a facilitator and a value engineer, problem solving on the airline's behalf. AJW can work closely with the OEM to ensure the best turn-around times. It can also use third-party market rates to benchmark costs to maintain a level of healthy competition to the OEM.

Strong OEM relationships allow AJW to deliver the streamlined and cost-effective nose-to-tail solution that the airlines want and need.

So, when it comes to aftermarket business, the sky is the limit!

AJW IS A KEY CHANNEL PARTNER FOR HONEYWELL. THE SCALE OF THEIR NETWORK AND THEIR LONG-TERM RELATIONSHIPS HAVE HELPED US NAVIGATE COMPLEX GLOBAL SUPPLY CHAINS. THEY ARE A TRUSTED EXTENSION OF OUR OWN REPAIR BUSINESS AND HAVE OPENED NEW REVENUE STREAMS WE MIGHT OTHERWISE NEVER HAVE ACCESS TO.

ALEX LAYBROS - EMEA AIRLINES CHANNEL DIRECTOR



AOG

Going the extra mile

AN AIRCRAFT'S CRACKED WINDSCREEN IS ALWAYS A CHALLENGE IN NEED OF AN URGENT FIX. BUT WHEN THAT CRACKED WINDSCREEN OCCURS ON AN AIRLINER MORE THAN 4,000 MILES FROM BASE, LEAVING CREW AND PASSENGERS STRANDED, THAT CHALLENGE BECOMES A SERIOUS PROBLEM.

Add in to the mix that it occurs at the start of a public holiday weekend which potentially places further obstacles in your way, and the problem risks becoming a crisis.

This was the case when an airline customer's aircraft was grounded at Orlando Airport at the start of the Easter break. To make the aircraft serviceable again, there was more than simply the replacement windshield required; there were a further 14 components needed, including bolts, sealants and washers.

But the AJW AOG team was able to source and deliver all the required parts in double quick time, despite them being located in a number of locations across the US, including Miami, Los Angeles, Washington DC, Dallas and Atlanta.

The parts were delivered at top priority by road and air and the necessary tools were even loaned to the customer by AJW from Airbus Engineering to allow the aircraft to return to the UK at the earliest opportunity.

AJW prides itself on going the extra mile for its customers. The 24/7/365 AOG service helps minimise disruption, protecting the bottom line, cost per seat and customer satisfaction – and ultimately the airline's brand reputation.

Following extensive consultation with customers, that award-winning service is being further enhanced with increased capacity to ensure even faster response times, enabling delivery of the right part to the right place to minimise the impact and disruption of an AOG.

AJW has extensive inventory available at strategic locations across the world, which can be quickly and seamlessly delivered via a global network of logistical partners and a round-the-clock dedicated AOG team. This enables AJW to deliver parts to wherever they are needed with minimal delay, ensuring that aircraft are back in the air as quickly as possible.

CHRISTOPHER WHITESIDE, PRESIDENT
AND CEO OF AJW GROUP, SAID:

"AOG INCIDENTS ARE HUGEY DISRUPTIVE AND COSTLY TO AIRLINES AND EFFICIENT HANDLING CAN NOT ONLY SAVE THEM MONEY, BUT SUPPORT A POSITIVE EXPERIENCE WHICH HELPS PROTECT THEIR BRAND."

"PROBLEMS CAN OCCUR AT ANY TIME, ANYWHERE, SO IT'S THE SPEED OF THE SOLUTION THAT COUNTS. PARTNERING WITH US SMOOTHS THAT PROCESS, ALLOWING AIRLINES TO FOCUS ON WHAT MATTERS: THE PROVISION OF THE BEST CUSTOMER EXPERIENCE. WE ARE DELIGHTED TO HAVE EXPANDED OUR TEAM TO PROVIDE AN ENHANCED AOG SERVICE TO OUR CUSTOMERS."



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aero
dynamic

for the journey

ALL BUSINESSES SAY THEY WILL GO THE EXTRA MILE FOR THE CUSTOMER. BUT THE BUSINESS RELATIONSHIP BETWEEN NIGERIA'S AIR PEACE AND AJW GOES MUCH FURTHER.

Teams from Air Peace and AJW have had to do several 6,000-mile return trips between London and Lagos to nurture and keep their relationship alive.

Air Peace has now grown from a start-up domestic airline in the highly competitive Nigerian market to an award-winning international carrier on the verge of flying to four continents – all achieved over the last four years.

With a contract in place to serve the new airline's growing fleet of Boeing 737 Classic aircraft, the initial relationship quickly went beyond that of purely customer and supplier.

Shortly after Air Peace's entry into service in 2014, the airline and AJW opened talks on management of the carrier's component supply chain with a view to cutting cost.

The relationship was further cemented when AJW offered to host key Air Peace staff at its UK headquarters for specialist training aimed at deepening the airline's efficiency.

The invitation was accepted by Air Peace procurement engineers and store managers who received specialist training in maintenance planning and warehouse management.

In 2017, TELL magazine adjudged Air Peace the Best Domestic Airline of the Year for 2016, and shortly afterwards, the country's air traffic controllers awarded it the same accolade for 2016/17, noting it had become Nigeria's biggest domestic carrier in a short space of time. In 2018, it was awarded Company of the Year at the Leadership Group's national business awards.

AJW and Air Peace are looking to greater days ahead, with a wide-ranging agreement covering engine management service for the airline and review of technical records prior to purchase.

This growing partnership will be vital as Air Peace transitions to global international operations with its expanding wide-bodied fleet. It will see Air Peace fly Boeing 777s to China, India, the Middle East, South Africa, the US and the UK as its operations continue to go from strength to strength. And AJW cannot help but be proud to see Air Peace fly across the world on solid wings!

BEST-IN-CLASS SUPPLY CHAIN MANAGEMENT
IS CRUCIAL TO AIR PEACE'S FOCUS ON
REMAINING ULTRA-AFFORDABLE.

Dublin

LEASING FOR
THE LONG TERM

WITH HALF THE WORLD'S LEASED AIRCRAFT NOW MANAGED FROM IRELAND, IT MADE PERFECT SENSE FOR AJW LEASING TO ALIGN ITS OPERATING ACTIVITY WITH THE AVIATION FINANCE MARKETPLACE, BOLSTERING ITS DUBLIN OFFICE WITH KEY STAFF AND SKILLED TEAMS FROM ITS HEADQUARTERS.

AJW Leasing engages closely with new and existing customers from the Dublin hub, using the AJW Group's reach and expertise to offer specialised leasing solutions for both aircraft engines and rotatable spare parts. To underline its role in the Dublin aerospace eco-system, AJW has also sponsored the city's hugely popular Air Ball, the social highlight of the year for the local aviation community, supporting a worthy local charitable cause.

AJW's presence in Dublin is ideally placed to serve its customer base, while participating in the local leasing community and making its mark in a city which has rapidly established itself as a key aviation finance hub.

Fourteen of the top 15 aircraft lessors are headquartered in Ireland, predominantly in Dublin. With approximately 4,300 leased aircraft in management, Ireland now has a 63% share of the global leasing market. It is estimated that more than \$125 billion worth of aviation assets are now managed from Ireland, putting the country firmly on the aerospace world stage.

Not only does AJW Leasing have a wealth of experience in this growing marketplace, but it boasts a unique position as the world's only dedicated rotatable aircraft spares leasing business, drawing on the Group's parts inventory located across the globe.

AJW Leasing and AJW Capital provide complementary and sophisticated financial solutions for a wide range of aviation projects. By accessing these highly professional services, airlines and operators can benefit from a different perspective, and the commercial wisdom that draws on expertise honed across decades of aviation experience.

AJW LEASING WAS ESTABLISHED IN 2005 AND HAS OFFICES IN THE ISLE OF MAN AS WELL AS DUBLIN. ITS VISION IS TO BUILD ON THE SUCCESS OF ITS DUBLIN OPERATION, MAKING AJW SYNONYMOUS WITH SPARE PARTS LEASING AROUND THE WORLD.

BUILDING AN ASSET BASE

The build up of AJW Leasing's engines portfolio has been deliberately and methodically developed in conjunction with its expansion into Dublin.

Historically, AJW Leasing has owned engines powering legacy aircraft in a single aisle configuration. AJW Leasing has complemented its owned engines by building its managed engine portfolio and at any given time, AJW Leasing can have more than 50 engines on lease to international airlines and MROs.

AJW is continually seeking opportunities to acquire similar current generation engines, thus cementing its presence in Dublin supported by fixed assets.



engineCONTROL

WITHOUT CLOSE CONTROL, THE COST OF AN ENGINE SHOP VISIT CAN RAPIDLY AND UNEXPECTEDLY ESCALATE FOR ANY AIRLINE.

Contractual anomalies and unchallenged repairs or part replacements can quickly run up extra costs of hundreds of thousands of dollars.

However, the expertise of AJW's engines team takes away the worry and uncertainty on a customer's behalf through employing innovative and flexible solutions.

An AJW representative is on-site throughout the visit and using tried and tested processes, AJW delivers the following benefits to its customers;

As just one example, during a shop visit the fan blades of a CFM56-7B engine were declared unrepairable by the MRO, which proposed replacing them with factory-new blades at a cost of US\$121,000. However, AJW offered serviceable used fan blades at a cost of US\$45,000, saving the customer US\$76,000.

WITH A COMPREHENSIVE RANGE OF ENGINE SERVICES AJW'S SPECIALIST TEAM ARE EXPERTS IN HELPING AIRLINES OPTIMISE THEIR ENGINE PERFORMANCES TO MAKE PROFIT-DRIVING EFFICIENCY SAVINGS.

Work Scope

Optimise cost by aligning the event scope with the requirements of redelivery conditions or operational requirements

MRO Contract

Ensure your event is priced at market rates and allows full control. Review of documentation pre event

Shop Control

Ensure the service received is the service contracted. Support decision making for findings and additional work

Invoice Control

Ensure invoices reflect the work done as scoped, manage the invoice verification, queries and disputes

Support

Support the shop visit with shipping expertise, engine leases and material recovery programmes

Advanced PO

Plan your material purchase in advance to maximise possible savings from sourcing in the USM market

engines.enquiries@ajw-group.com



supporting RUSSIAN GROWTH

RUSSIAN DOMESTIC SCHEDULED AIRLINE CAPACITY GREW BY 11.7%* WHILE INTERNATIONAL CAPACITY GREW EVEN FASTER.

One of the busiest periods was during the 2018 World Cup when 3.5 million football fans were flown in and out of Moscow by international and domestic airlines in a condensed timeframe. All of the top 30 domestic routes operate to or from one of the capital's three main hubs; Sheremetyevo (SVO), Domodedovo (DME) and Vnukovo (VKO). AJW was delighted to support the airlines during this busy time to help ease their operation.

AJW kicked off in Russia many years ago, supporting its customers both in the region and with a large Russian-speaking team at HQ. It further improved its position there by opening a new operational office in the capital, expanding its presence in the CIS and Eastern Europe. The Moscow office is staffed entirely by ex-airline professionals, enabling AJW to service its customers at the highest level.

HAVING A LOCAL PRESENCE HAS ALLOWED AJW TO EXPAND ITS NETWORK OF REGIONAL OEMS AND MROS AS WELL AS GIVING ACCESS TO ITS OWN MRO, AJW TECHNIQUE, TO DRIVE EFFICIENCIES. THE TEAM CAN ALSO HELP CUSTOMERS TACKLE REGULATORY CHALLENGES IF AND WHEN ANY IMPORTATION ISSUES ARISE.

With an offer that includes part supply, component repair and engines services, it's a hat trick for AJW in Russia!

*Citation – Reported by the Federal Air Transport Agency in April 2018

sales@ajw-group.com



aero
dynamic

Cruise CONTROL

WHEN YOU ARE RESPONSIBLE FOR FLYING BRAND NEW HARLEY DAVIDSONS AROUND BRAZIL IT'S IMPORTANT YOU OFFER THE SAME RELIABILITY AND QUALITY OF SERVICE THAT THE BIKES' DISCERNING CUSTOMERS HAVE COME TO EXPECT.



That is why Modern Logistics, a fast-growing Brazilian freight operator, chose AJW to supply full power-by-the-hour services ahead of its launch into service.

In its first year of operation, Modern Logistics has drawn on AJW's expertise to maintain its operations in some of the most remote parts of the country – areas which can take up to four days to reach by road.

In choosing AJW, Modern Logistics recognised it was well-established in the Brazilian marketplace and able to be flexible and supportive in helping to control its operational costs. The importation of parts into Brazil can be a challenging process and AJW's understanding and expertise in providing solutions to those issues was another plus.

Operating a fleet of 737-400 freighters, Modern Logistics has been able to rely on the availability of AJW's exceptionally comprehensive stock of Boeing 737 spares, whether as part of its in-country pool of components or flown in at short notice from either Miami or AJW's UK headquarters.

The policy of creating strategic hubs of Airbus and Boeing spares around the world – a vital element to support its acclaimed 24/7 AOG service – has proved to be a backbone of the service.

After signing AJW's first ever PBH contract for a Brazilian customer, the team supported Modern Logistics up until it received its AOC. It will operate eight 747-400F freighters by the end of 2018, with plans to grow quickly to a fleet of 33 by 2021, to serve smaller cities in the future.

AJW's support has helped Modern Logistics operate a network out of Sao Paulo's Viracopos International Airport. Because of the distances involved, domestic air freight plays a critical role in the country's economy.

Modern Logistics has gained a reputation for specialising in transporting luxury goods, including delivering Harley Davidson motorbikes to dealerships throughout Brazil, and to and from a Harley manufacturing base in Manaus in the Amazon basin.

WITH AJW ON BOARD TO MEET THE CHALLENGES AND PROVIDE HARLEY DAVIDSON-STYLE RELIABILITY, MODERN LOGISTICS HAS BEEN ABLE TO PROVIDE A SMOOTH RIDE FOR ALL ITS CUSTOMERS.

a bright future

FLYBONDI - SUPPORTING A START UP

ARGENINA BECAME A LAND OF OPPORTUNITY WHEN NEW GOVERNMENT LEGISLATION OPENED UP ITS AVIATION MARKET FOR POTENTIAL NEW ENTRANTS.

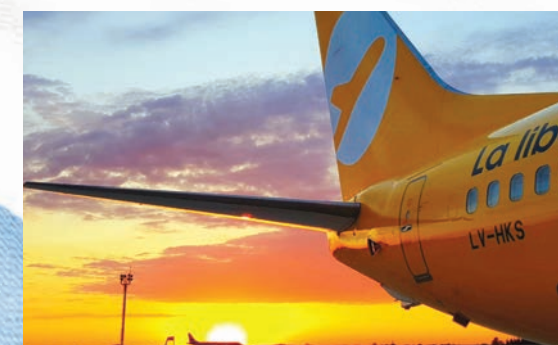
So at the start of 2018 a group of experienced international aviation veterans decided now was the time to create Flybondi.com, Argentina's first-ever low-cost carrier.

AJW Group's expertise in helping start-up airlines get off the ground made them a natural fit for Flybondi.com's like-minded entrepreneurial management team. AJW is working closely with Flybondi.com to manage the complete supply, repair and overhaul of rotatable components via a long-term power-by-the-hour (PBH) arrangement on its rapidly expanding fleet of B737-800 aircraft. This ensures that Flybondi.com's customers and management benefit from a fixed price and the improved efficiency delivered by AJW's streamlined supply chain management.

For AJW, the partnership was a great step forward in bolstering its presence in Latin America.

Based in Buenos Aires and Cordoba, Flybondi.com launched at the start of 2018 and will operate 85 domestic and international routes. In its first 6 months, the airline transported more than 360,000 passengers.

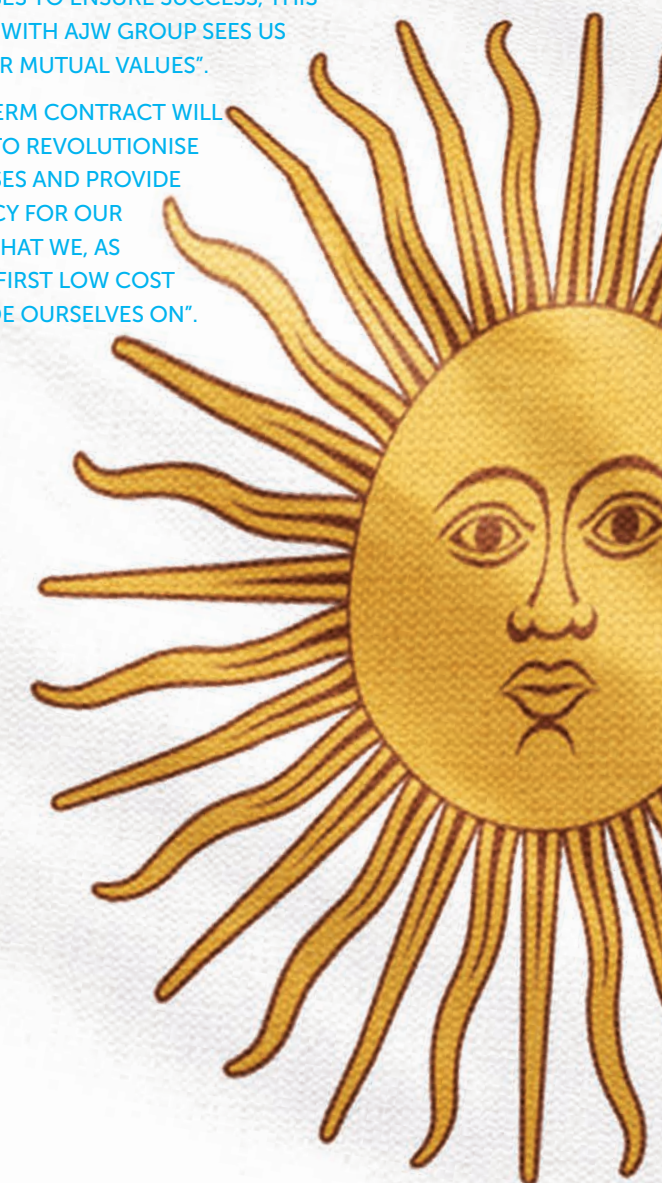
Now employing 450 staff, the airline operates five aircraft, serving 17 routes within Buenos Aires, Corrientes, Córdoba, Jujuy, Mendoza, Neuquén, Posadas, Puerto Iguazú, Salta, San Carlos de Bariloche, Santiago del Estero and Tucumán. Its agile business model is focused on continuous improvement and optimisation of processes, as well as driving innovative practices.



JULIAN COOK, CEO OF FLYBONDI.COM, SAID:

"AS A COMPANY FOCUSED ON OPTIMISING OUR PROCESSES TO ENSURE SUCCESS, THIS PARTNERSHIP WITH AJW GROUP SEES US UNITED IN OUR MUTUAL VALUES".

"THE LONG-TERM CONTRACT WILL ENABLE AJW TO REVOLUTIONISE OUR PROCESSES AND PROVIDE THE EFFICIENCY FOR OUR CUSTOMERS THAT WE, AS ARGENTINA'S FIRST LOW COST CARRIER, PRIDE OURSELVES ON".



STATESIDE SHAKE-UP

By Christopher Whiteside, President and CEO, AJW Group

115 YEARS AGO THE WRIGHT BROTHERS MADE HISTORY BY TAKING TO THE SKY IN KITTY HAWK, NORTH CAROLINA. AT THAT MOMENT, NORTH AMERICA BECAME THE BIRTHPLACE OF AVIATION – AND THE CONTINENT HAS REMAINED AT THE FOREFRONT OF THE INDUSTRY FOR MORE THAN A CENTURY. HOWEVER, NORTH AMERICAN AIRLINES AND OEMS ARE INCREASINGLY FACING TOUGH COMPETITION FROM THE REST OF THE WORLD, DUE TO A HOST OF NEW CARRIERS AND PROVIDERS ENTERING AND DISRUPTING THE GLOBAL MARKET.

In the past few years alone, airlines such as Argentina's flybondi.com, Spanish low-cost carrier Level, and African airline, fastjet have changed the face of commercial aviation with the introduction of innovative pricing models and new routes, putting pressure on legacy carriers to evolve their offering.

New business models are also fuelling competition across the sector, as innovative new pricing structures and the rapidly decreasing cost of long-haul travel offers travellers greater choice. The success of airlines including Norwegian, WOW air, WestJet and Air Asia X show the extent to which passengers are embracing low-cost long-haul. This trend poses yet another challenge for legacy carriers who have long dominated the market.

In the face of these pressures, there is a more urgent need than ever for established North American airlines and OEMs to innovate to stay ahead of the game. For the MRO industry and for businesses like AJW, which currently has 4,000 commercial and business aircraft under contract, this means being innovative, agile, efficiency driven and cost conscious to meet the needs of the ever-changing landscape.



NOT JUST THE NUTS AND BOLTS

AJW and other MRO providers alike have long understood the need to help airlines and OEMs increase efficiency. However, to date, much of the focus has been on making incremental engineering improvements – shaving off costs here and there, and gradually optimising processes to shorten turnaround times.

To appreciate the distinction, consider the impact on retail created by the supermarket – which, incidentally, the United States was also the first to pioneer! It represented a radical rethink of how goods could be sourced, distributed and sold, changing the shopping experience for people around the world in the space of just a few years. A similarly radical evolution to this is currently taking place in the online retail space, with customers getting used to sourcing their goods virtually from a digital platform and then having them delivered. As the late, great Henry Ford said, "If I had asked people what they wanted, they would have said faster horses." It's about changing the game rather than improving the status quo.

This is why many aftermarket solutions providers are now offering a holistic approach to supply chain management – looking at how the whole process of sourcing, maintaining and managing aircraft spares can be streamlined.

This should be approached by looking at the overall supply chain requirements of the customer and aligning an MRO solution to their needs. AJW and our Montréal-based maintenance hub, AJW Technique, looks at how to reduce costs, drive efficiencies and improve turnaround times, whilst making use of predictive maintenance technologies to achieve this. We also consider the whole lifecycle of components, conducting material planning and asset management to optimise operators' inventories.

Given this shift in focus, it is unsurprising to hear the term 'value engineering' increasingly being used to talk about MRO that goes beyond simple repairs to unlocking financial gains and efficiencies for operators across the supply chain.

Cont >>

REVIEWING SYSTEMS AND PROCESSES IS AN IMPORTANT WAY FOR OPERATORS TO IDENTIFY INEFFICIENCIES AND GENERATE SAVINGS; HOWEVER, THE MOVE TO A MORE STREAMLINED APPROACH IS AS MUCH A PSYCHOLOGICAL SHIFT AS IT IS A PRACTICAL ONE.



STATESIDE SHAKE-UP

>>

OUT WITH THE OLD

One of the reasons that new entrants to the market are able to take this holistic approach is that, as a low-cost carrier, it doesn't have the burden of legacy systems and infrastructure faced by many of the more established operators – of which North America has many. By contrast, newer entrants to the market are able to start with a blank canvas and experiment with new approaches.

Yet whilst the consistent emergence of new low-cost carriers is undoubtedly putting pressure on longer-standing airlines, it is also fuelling innovative thinking about how MRO can be managed more efficiently. By learning from what new players are doing, and combining it with their decades of experience, older airlines have an opportunity to adapt and leapfrog the competition.

Being a global provider of MRO gives AJW the benefit of oversight of the global supply chain and a view of what airlines in different markets are doing. Our team of experts are able to identify examples of best practice from existing and new operators that we can apply across all of our customers to generate efficiencies – for example, helping airlines to outsource their supply chain and integrate with our own inventory management systems.

EFFICIENCY IS A STATE OF MIND

Reviewing systems and processes is an important way for operators to identify inefficiencies and generate savings; however, the move to a more streamlined approach is as much a psychological shift as it is a practical one.

Often customers who could benefit from outsourcing their entire supply chain are put off by fears that they will cease to have oversight of their operations or lose valuable engineering capabilities.

Many airline employees in technical and engineering functions instinctively feel that direct management of providers is the best way to keep control and reduce cost, but the time and resource involved in managing a complex international network of MRO suppliers represents a huge 'hidden cost'. By contrast, where AJW has oversight of the whole supply chain, we can plan and manage MRO strategically, benefitting from closer ongoing relationships to suppliers and much greater economies of scale since we look after over 4,000 commercial and business aircraft worldwide.

MANY AFTERMARKET SOLUTIONS PROVIDERS ARE NOW OFFERING A HOLISTIC APPROACH TO SUPPLY CHAIN MANAGEMENT - LOOKING AT HOW THE WHOLE PROCESS OF SOURCING, MAINTAINING AND MANAGING AIRCRAFT SPARES CAN BE STREAMLINED

For this reason, part of the challenge we face when working with a new customer is helping them make the psychological shift towards an outsourced, integrated solution. Often the best way to do this is to quantify the hidden costs and go through them with the customer to demonstrate how they can be reduced. Putting a number on what they stand to gain can be a powerful motivator!

Technology can provide another, more practical way of overcoming psychological barriers. One of the core components we develop as part of an outsourced supply chain solution is a flexible digital services platform that gives customers visibility and control.

WORKING FROM THE INSIDE OUT

Another common misperception is that these inefficiencies and 'hidden costs' are mainly found in the relationships that airlines and OEMs have with their external suppliers. In fact, a large proportion of the work AJW does with customers involves examining their internal processes and identifying where silos and competing interests could be costly.

Internal inefficiencies add to, and in many cases compound those generated outside the organisation and it is essential to understand the interplay between the two in order to track systemic issues back to their root causes. Breaking down these internal barriers is not easy – in fact, it can be highly political mediating between the various functions involved. Customers often value having an external mediator to help tackle problems and streamline processes.

CONCLUSION

It is easy to be daunted by the pace of change in aviation – especially with new models and challengers entering the market. However, North America has a proud history of innovation and has successfully navigated every challenge that has arisen in aviation over the past century. Moreover, the tools needed to make step changes already exist – the deeper challenge lies in thinking about MRO differently and being prepared to make bold and significant changes.

North American carriers are already rising to many of the challenges they face – for example, WestJet's focus on non-traditional routes and Air Transat's long-haul leisure airline model. Airlines from the USA and Canada that apply this same appetite for doing things differently with their MRO stand to make the greatest gains. By making the shift – and learning from best practice – North America has an opportunity to stay level, and even overtake new entrants to show the rest of the world how innovation is done.

northamerican@ajw-group.com



"AJW KNOWS OUR NEEDS AND UNDERSTANDS OUR OPERATION, AND THEIR SERVICE LEVELS ARE VERY GOOD. THEY GO OUT OF THEIR WAY FOR US. THEY ALWAYS COME THROUGH FOR US"

MARIO MARSILLO - DIRECTOR,
TECHNICAL PROCUREMENT, AIR TRANSAT

spooling up to support

Air Transat

EACH YEAR, LEADING CANADIAN LEISURE CARRIER, AIR TRANSAT, FLIES MILLIONS OF TRAVELLERS BETWEEN CANADA AND A RANGE OF DESTINATIONS ACROSS EUROPE, THE CARIBBEAN AND MEXICO, AND THIS YEAR WAS NAMED WORLD'S BEST LEISURE AIRLINE AT THE INFLUENTIAL SKYTRAX WORLD AIRLINE AWARDS.

2018 has been busier than ever. Having added two Airbus A330s to its fleet in 2017, the airline is this year further expanding its A330 fleet from 16 to 20 to cater for greater demand. This expansion has put greater pressure than ever before on the Air Transat team as they've scaled up their operation, and they've been supported throughout this growth by AJW Group.

AJW has been an Air Transat partner for the past five years, supporting its operation with a power-by-the-hour component supply and MRO contract which has been scaled up to cater for this 30% increase in the airline's A330 fleet over the last 12 months.

AJW provides a Main Base Kit of components for Air Transat at its Montréal hub, along with the provision of parts to support its operation at destinations throughout its network.

Over the past five years, AJW has used its efficient supply chain and network of component OEM partners on numerous occasions to ensure components are delivered quickly to Air Transat destinations across its network.

This has helped Air Transat to maximise its operational efficiency and minimise delays, and never more so than in 2018 as the airline's A330 operation has grown to record levels.

Air Transat also values the close proximity of AJW Technique, the component MRO operation in Montréal, which is just a ten minute drive from Air Transat's headquarters, helping to minimise turnaround times.

CHRISTOPHER WHITESIDE, PRESIDENT
AND CEO OF AJW GROUP, SAYS:

"LISTENING TO AND EVOLVING WITH OUR CUSTOMERS TO MEET THEIR CHANGING NEEDS IS PART OF OUR DNA AS A BUSINESS, AND WE'RE PROUD TO HAVE SUPPORTED AIR TRANSAT'S IMPRESSIVE OPERATIONAL GROWTH THIS YEAR."

northamerican@ajw-group.com



aero
dynamic

CELEBRATING 6 years

IN LITTLE OVER SIX YEARS, AJW TECHNIQUE HAS GROWN INTO ONE OF THE GREAT SUCCESS STORIES OF THE COMPONENT MRO SECTOR.



160,000 sq.ft MODULAR SHOP FLOOR



170
LICENSED
TECHNICIANS



353,600
MAN HOURS
PER YEAR



35,000
UNITS PROCESSED
A YEAR



11 DAY
LICENSED
TURNAROUND TIME



6,000+
PART
CAPABILITIES



20 STRATEGIC
OEM AGREEMENTS

From small beginnings of just seven employees in 2012, AJW Technique's highly skilled workforce has grown to over 200. The team is now regarded as one of the most efficient MRO providers in the world. Based in the aerospace hub of Montréal Canada, AJW Technique's 160,000 square foot state-of-the-art facility is able to process 35,000 units a year across over 6,000 separate part capabilities for both commercial and business aircraft.

In the last year, AJW Technique has increased its capabilities by investing US\$8 million in tools, inventory, facilities and training to meet the growing demand for its services.

Its footprint is enhanced through global regulatory certification. These include EASA, TCCA, FAA, ANAC (Brazil), DGCA (Indonesia), HKCAD (Hong Kong), CAAS (Singapore), and CAAC (China) – the last of which is helping drive its growth in the burgeoning Asian market.

Another key feature is AJW Technique's strategic relationships with global OEM business partners, which include Honeywell, Thales, Safran, and UTC Aerospace Systems.

In fact, their capability has grown so much that some of these OEMs now look to AJW Technique to take on component repairs they previously undertook themselves. Military customers have also been added to the core commercial aircraft and business jet customer base.

At the same time, an increasing proportion of AJW Technique's customers now come directly for repairs, as opposed to being referred via AJW Group.

AJW Technique's international footprint will grow further with a physical presence in new regions, getting even closer to their customers to capitalise on their growing reputation and demand on their services.



300 UNIQUE OPERATORS
ACCEPTING OUR TAG
FROM **100** COUNTRIES

13 CELLS OPERATING AS COMPETING BUSINESS UNITS



AVIONICS



POWER GENERATION



LIGHTING



HYDRAULICS



SAFETY EQUIPMENT



GALLEY



PNEUMATICS



ELECTROMECHANICAL



INSTRUMENTS



FUEL

sales.technique@ajw-group.com

aero
dynamic

FOREIGN parts

WHY A 'LOCAL FIRST' APPROACH TO COMPONENT MRO MAY BE COSTING OPERATORS MORE THAN THEY REALISE.

'GO LOCAL' IS ONE OF THE MOST COMMON – AND POTENTIALLY COSTLY MYTHS – INFLUENCING THE WAY OPERATORS MANAGE THEIR COMPONENT MRO. IT MAY SEEM LOGICAL THAT AN AIRLINE REQUIRING A COMPONENT REPAIR IN KUALA LUMPUR SHOULD SEEK HELP IN SINGAPORE, RATHER THAN MONTRÉAL, BUT IN FACT THE NUMBERS SELDOM STACK UP.

IT'S A SMALL WORLD

Firstly, there is the misconception that component MRO is all about the time it takes to process and service a part. In reality, parts are rarely repaired while the aircraft waits, so the 'wing-to-shelf' time between the part being removed and replaced is the metric that really matters. For example, an Integrated Drive Generator (IDG) can take over four weeks to repair, whereas it can be replaced in a matter of three hours.

When you consider that you are never more than a day away by air courier from all of the major MRO hubs across the globe, it's clear that shipping parts to the geographically closest market may not make sense. The freight costs may be slightly more, but as a percentage of the total overhaul bill, they are negligible.

Similarly, it's a false economy to ship a part to a nearby market that doesn't have the expertise needed to complete the job efficiently. A shop with highly relevant capabilities and experience anywhere in the world is likely to offer better value than a supplier in close range that lacks specialist knowledge and tools. Likewise, a shop in a location with a reliable supply chain may be a better option than a nearby supplier without good part supply.

Of course, there will always be certain parts that are too bulky or hazardous that will need to be transported overland and therefore serviced locally – for example, escape slides. However, this is only a very small sample of the thousands of components that operators replace and repair every day.

Aside from generating direct cost savings and benefits by going 'long haul' rather than local for parts MRO, airlines and manufacturers are realising that there are a range of 'hidden costs' that can be avoided by taking a more strategic and international approach to their parts maintenance.

TAKING AN AGGREGATED APPROACH

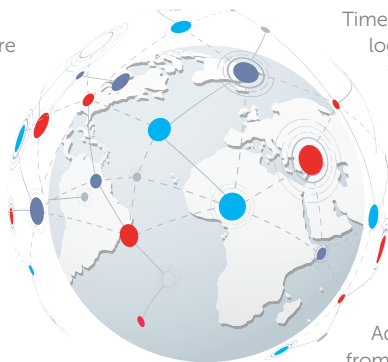
Sourcing local providers on a case-by-case basis leaves operators with the headache of managing a whole host of individual relationships with suppliers within the region, potentially including negotiating language barriers and different customs regimes. This is very time inefficient, and it is also tough for operators to ensure competitive pricing due to a small number of regional suppliers.

Time and cost are heavily influenced by the enquiry, logistics and approval process of sourcing a part, which can add to a minimum of at least six days if contracts and agreements are not in place. In response, airlines and manufacturers are increasingly outsourcing their component MRO to aggregators, replacing a web of different suppliers with a single point of contact. A good network, with a pre-agreed contractual framework, can do much of the hard work before a part even leaves the aircraft.

Adopting this approach allows operators to benefit from a standardised quality of service and more streamlined processes. Aggregators are better placed to select the right supplier and can also more easily offer exchange options, avoiding the need to wait for repairs to be completed.

AJW is increasingly seeing demand from operators for this type of arrangement as it ensures better customer service – in their preferred language plus savings derived from the aggregator's ongoing relationships with suppliers, where they benefit from economies of scale and can drive continual improvement and efficiencies.

Taking a global approach to MRO and working with an aggregator allows operators to spend wherever they are likely to see the best return – taking advantage of fluctuations in exchange rates. They can also spread risk by avoiding price spikes driven by regional natural events such as ash clouds and earthquakes.



THE DATA DIVIDEND

Thinking internationally and more strategically can unlock further benefits for operators as big data and technological advances open up new opportunities.

Large aggregators have access to a huge pool of component data across the aircraft they support and can benchmark an operator's performance anonymously against their competitors. Some airlines with close links to each other are even considering shared agreements with aggregators to derive even greater value from sharing intelligence and pooling resources.

Over the course of a long-term partnership, an aggregator can monitor the true cost of a part failure – incorporating all the hidden costs mentioned opposite – and can drive efficiencies by drawing on best practice learned through work for multiple operators. They can also apply their expertise, backed by data, to advise on the best course of action – for example, they can assess whether a failure is due to poor use by the operator or whether warranty recovery is worthwhile.

AJW recently partnered with a major OEM to develop an online portal to log and maintain visibility of all its component MRO. Increasingly, it is referring to this type of data-driven, remote partnership as 'virtual MRO', since it can mean servicing a customer without touching a single part directly.

AJW often compares this approach to component MRO to an air traffic control tower, in that it ensures that parts for multiple customers are processed and shipped to their destination in a centralised and efficient way.

This type of partnership also lays the groundwork for effective predictive maintenance. Components often reach MRO suppliers without adequate records, which could see a part removed, predictively pass the standard tests and go back into service on the brink of failing. A structured approach to data management and handling can help avoid the risk of this happening.

CONCLUSION

The aviation industry is notorious for its relentless focus on efficiency and streamlining – from the single olive that allegedly saved American Airlines \$40,000 in the 1980s to the no-frills war between low-cost carriers that has recently diversified to include long-haul flights.

One might assume that against this backdrop, operators have iron-clad systems in place to ensure parts are maintained and repaired as efficiently as possible. However, the reality is that MRO – particularly component MRO – is one of the most complicated processes that operators have to negotiate – involving potentially millions of part numbers.

For decades, operators have had to make do by forming patchwork agreements with local MRO providers, but thanks to the emergence of MRO aggregators, combined with advances in technology and data management, operators are finding new and innovative ways of taking on the challenge.

ASIA-PACIFIC IS THE NUMBER ONE GENERATOR OF MAINTENANCE, REPAIR & OVERHAUL (MRO) SPEND, WITH ROUGHLY 30% OF GLOBAL AIR TRANSPORT MRO ORIGINATING FROM THE ASIA-PACIFIC AIRLINES. ICF FORECASTS THAT TOTAL MRO SPEND IN THE ASIA-PACIFIC WILL DOUBLE TO APPROXIMATELY US\$41 BILLION IN 2036.

ASIA flying high

IT IS NO SECRET THAT THE NUMBER ONE HOTSPOT FOR GROWTH IN COMMERCIAL AVIATION IS ASIA. IN FACT, IT'S FORECAST TO BE HOME TO 40% OF THE GLOBAL AIRCRAFT FLEET BY 2027.*

AJW WAS AMONG THE FIRST TO SPOT THIS HUGE POTENTIAL. HAVING HAD OFFICES IN THE REGION FOR NEARLY 20 YEARS. IT NOW PROVIDES COMPONENT SALES, REPAIRS AND REPAIR MANAGEMENT, AS WELL AS ENGINE MATERIALS AND SERVICES, TO MORE THAN 150 CUSTOMERS IN THE REGION.

As it is estimated that only 25% of component services are procured in the local regional market (Frost & Sullivan), it was clear to AJW that there was even greater potential for the bespoke, regionally-based solutions it provides.

To use an ancient Chinese proverb: "The best time to plant a tree was twenty years ago. The second-best time is now." AJW has been able to do both – putting roots down in the 1990s and adding new "trees" now.

To meet the needs of its ambitious, fast-growing customers such as COMAC, Asiana Airlines, Air Incheon, Tigerair, JC International Airlines and Cambodia Airways to name a few, AJW has placed component inventory at 15 locations across the region. It has also taken steps to increase its footprint in the region by developing dedicated trading inventory for non-PBH contracted customers.

ALONG WITH LONG-STANDING RELATIONSHIPS WITH MROS AND OEMS AND AWARD-WINNING LOGISTICS, AJW'S COMPREHENSIVE SERVICES AND EXPERTISE WILL CONTINUE TO PROVIDE AIRLINES WITH OPERATIONAL RELIABILITY AND COST EFFICIENCIES THROUGH COMPETITIVE PRICING.

AJW knows business in Asia is competitive and the market is efficient. Not only is there a high awareness of overall market pricing and offers, but airlines and MROs have a good knowledge of which providers deliver the best service. AJW makes a virtue of understanding customers' pain points, so it can deliver a bespoke, relevant and reliable service.

AJW's multi-lingual Asia team has a network of regional relationships and capabilities that includes engineers in Shanghai and Singapore offices. Having this technical expertise allows the company to work across time zones as an extension of an airline's technical team.

AJW's future plans include across-the-board investments in all specialist areas – such as more technical engineers and engine specialists, plus expanding customer service teams to serve customer day-to-day requirements, including AOG 24/7 support.

*Citation – Oliver Wyman

ajwsing@ajw-group.com



aero
dynamic

A CRUCIAL CERTIFICATION TEST IS FAST APPROACHING. YOU NEED OVER 100 OF YOUR TECHNICAL STAFF ON SITE, BUT THE TEST LOCATION IS LITERALLY THE OTHER SIDE OF THE WORLD AND YOU HAVE TO INTERACT WITH A DIFFERENT CULTURE AND IN A FOREIGN LANGUAGE.

COMAC

the wind of change



Keflavik International Airport is the location of choice for major aircraft manufacturers to conduct crosswind testing due to the angle of the runway and the high winds in the region.

What can you do? Turn to the highly experienced, multi-lingual AJW team with its logistical expertise to smooth the path and support you every step of the way.

That's what happened when AJW Group engineered the wind of change for China's leading aerospace manufacturer in a landmark testing programme in Keflavik, Iceland.

In a typical example of how AJW creates bespoke programmes to meet its customers' individual needs, the first jet to be marketed by COMAC (The Commercial Aircraft Corporation of China) successfully completed crosswind testing through a strategic partnership with AJW. The location was challenging for the customer because of logistical and language issues, not just for purely technical reasons.

The tests for COMAC's much in-demand ARJ21 took place at Iceland's Keflavik International Airport, the location of choice for crosswind testing due to the area's high winds and the direction of the runway.

The completed tests represent a significant milestone for COMAC and the Chinese government as it enables broadened operating parameters for the aircraft and allows the manufacturer to fulfil the 453 orders placed to date.

For AJW and COMAC, the test project began in September 2017 when preparation work started with ISAVIA, Iceland's airports authority. AJW coordinated the logistics, flight plan approvals, test flight assessments and spares and maintenance support throughout the tests.

It involved a delegation of more than 100 engineers, meteorologists, pilots and support staff travelling to Iceland from China to carry out the tests. It was an exciting progression of the existing relationship between Shanghai-based COMAC and AJW's China office in the Jing'an district of the city.

Christopher Whiteside, President and CEO of AJW Group, added a personal touch by attending the tests, saying: "This partnership with China's flagship aircraft manufacturer is a great example of the strategic way in which we are working with customers, one I look forward to continuing in the future."

Zhao Yuerang, President of COMAC, who was also in attendance, said:

"THESE TESTS MARK AN EXCITING MILESTONE IN THE DEVELOPMENT OF THE ARJ21 AND A HUGE STRATEGIC BREAKTHROUGH FOR COMAC. AJW'S UNRIVALLED COMMITMENT TO COMAC HAS ADDED TREMENDOUS VALUE TO OUR TEAM".



aero dynamic

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AFRICA • ASIA-PACIFIC • CHINA • CIS • EUROPE • LATIN AMERICA • MIDDLE EAST • NORTH AMERICA