

From competition to collaboration: **Forging partnerships with OEMs**

Today's airlines operate more flights and carry more passengers than at any time in history. With the growing demand for air travel, airlines have come to expect the highest standard of repairs and the need for reliable and trustworthy component MRO solutions.

To achieve this, an airline can opt to work directly with the wide range of component OEMs needed to support any given aircraft fleet, often as part of provisioning packages agreed at the time of aircraft acquisition, or they can simplify their approach by dealing with a single, independent aftermarket provider or integrator.

However, the relationship between component OEMs and aftermarket specialists needs not automatically to be a competitive one.

For the vast majority of commercial platforms, the traditional aftermarket sales environment of component OEMs selling large initial provisioning packages is dwindling due to the wider availability of used serviceable material and the tendency for airlines to outsource their aircraft parts requirements.

Christopher Whiteside
CEO and President of AJW Group



Traditionally, component OEM relationships lie predominately with aircraft manufacturers and, to some degree, airlines with larger fleets. If an OEM is looking to grow its share 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 larger OEMs tend to be structured to cater for the needs of high-volume users of their components rather than ad hoc requests for a single part or repair. Additionally, any new airline customer is likely to require an outsourced nose-to-tail solution and be unwilling or unable to manage relationships with multiple component OEMs.

Forward-thinking component OEMs, who don't necessarily have the right aftermarket support services to compete with aggregators or nimble trading organisations, are starting to overcome those challenges by viewing established aftermarket providers as companies to collaborate with, rather than compete against.

The aftermarket has been AJW's business for nearly 90 years and we know it well. We can offer customised route-to-market solutions and much more, having established relationships with over 1,000 customers – airlines, MROs and leasing companies – globally.

Mutual benefits

Along with the advantages for the component OEM, there are also benefits to an aftermarket provider from a collaborative relationship.

Aftermarket providers like AJW benefit from the technical, reliability and Service Bulletin/Airworthiness Directive support that a component OEM can provide. They also drive a competitive MRO cost base with the ability to invest in new assets at a better price. Component OEMs put strategies in place to address the aftermarket in new platforms, making these collaborative relationships all the more important.

As an example, AJW has a working



agreement with a leading component OEM which is highly selective in choosing the businesses it works with. The OEM 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 over-flow repair from AJW's MRO, AJW Technique, as it's one of the OEM's licensed repair shops.

The OEM is a key manufacturer of components used across the wide range of aircraft types that AJW supports including Airbus A320 and A330 families, Boeing commercial platforms and Bombardier Business Jets. This in turn enables AJW to consolidate demand from multiple customers through a single source, leading to greater purchasing power.

For one OEM, the scale of our relationship has resulted in well over 3,000 transactions – including more than 1,300 parts approved by the OEM – in both repairs and parts supply.

AJW works in partnership with a number of component OEMs, all of whom have come to understand the commercial benefits of collaboration in driving additional revenue. This clearly demonstrates why AJW is seen as partner and customer rather than a competitor. More importantly, collaborating with AJW is a valuable and effective means of reaching the aftermarket.

Adding customer satisfaction and value

By working together, OEMs and aftermarket specialists deliver benefits for

airlines that stretch far beyond keeping up with day-to-day maintenance requirements.

AJW's relationship with component OEMs rightly reassures customers of the highest standards of parts and repairs, while maintaining a high standard of customer service through the management of a complex vendor base. We regard ourselves as an OEM-centric organisation.

Component repairs through AJW either go to one of our OEM partners, or an established, highly-selective network of MROs including our own facility, AJW Technique located in Montréal, Canada. The level of trust is such that AJW Technique is an OEM approved facility for multiple safety critical components.

Where necessary, an aftermarket provider can also be a facilitator and a value engineer, problem solving on an airline's behalf. AJW works closely with the OEM to ensure the best turnaround times.

So rather than taking a competitive approach, extending the hand of friendship to component OEMs has enabled AJW to build partnerships, and highly effective agreements, that deliver streamlined and cost-effective nose-to-tail solution that the airlines want and need.

For airlines, an independent specialist that understands the industry's supply chain and can manage it successfully, integrating with all of its component parts, can lead the pack when it comes to being a reliable and trustworthy partner.

This feature is written by Christopher Whiteside, CEO and President of AJW Group