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It is hard to express how delighted the *BAM* team is to be able to present our inaugural issue to the business aviation community. Launching a new magazine is always a high risk enterprise and there is nothing more certain than that without the generous support we received from the industry this venture would have sunk without trace. So a heartfelt thank you to everyone who supported us.

Those readers familiar with my editorship will find that *BAM* offers the same deep insights from leading CEOs across the industry. Business aviation is characterised by a constant striving to combine rapid innovation with the kind of attention to detail and impeccable service reminiscent of a by-gone era. We all serve the most demanding client base on the planet and mistakes are seriously difficult to recover from. This puts safety and quality control right at the top of the industry's agenda and it is true to say that this industry could give lessons to virtually every other sector when it comes to how to keep delivering to A-game standards, day in and day out.

To our focus on business challenges across the sector, we have added a new dimension, namely, a luxury and travel section, designed to reflect the interests of the top executives and high net worth individuals whose deep pockets drive this whole industry. From our cover feature, with Jetcraft's owner and Chairman, Jahid Fazal-Karim, on making success happen, to the middle of the "book" where Tom Foley, the CEO and owner of Stevens Aviation, provides his insights on the challenges of growing a top-East Coast U.S MRO operation, on through to the back cover, which celebrates Jet Aviation's 50th Anniversary, we hope you will find this an issue to remember.

BAM is a completely new business venture, combining top quality branding events with a market-leading quarterly print and digital publication. Our joint venture with Goldtree VIP, the luxury limousines and concierge company, will be of huge interest to flight departments, aircraft owners and flight crews as well as trip support services. What could be nicer than arriving in London and embarking on a drive through the streets of the Capital in any luxury vehicle you desire!

Finally, just a quick heads up to anyone wondering whether *BAM* is going to be hosting another fabulous Max Raja After Party at EBACE this year. The answer? Of course we are! There's still room for one or two sponsors to take a position supporting the industry's most anticipated thrash!

Thank you once again for your tremendous support and, as they like to say in Westminster, "I commend this "book" to the House!"

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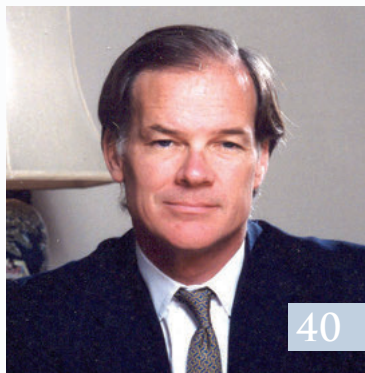
GOLDTREE

SPRING ISSUE 01 2017

- 6** Looking Ahead
Jetcraft Owner and Chairman of the Board, Jahid Fazal-Karim
- 12** Management Game
Mike Moore, Meridian Vice President of Sales and Aircraft Management
- 16** Design Triumph
Tim Fagan, Bombardier's Manager of Industrial Design
- 22** Thinking Big!
Alex Wilcox, CEO, Jetsuite
- 24** Data Exploits
Chris Moore, Chief Commercial Officer, Satcom Direct
- 28** Free Pays!
Mark Blanchfield, Founder and CEO, Returnjet
- 32** Riding the Tide
Eric Gillespie, Executive Vice President, Flying Colours Corporation.
- 34** Hybrid Works
Erica Da Veiga, Vertis Aviation CEO
- 40** Pride n'Passion
Tom Foley, CEO and Owner of Stevens Aviation
- 44** Deeper Surface
Thomas Wahl, Marketing and Communications, F/LIST
- 46** Pilot Fatigue
Jon Horne, ECA Vice President
- 50** Poll Position
Thierry Boutsen, Founder and CEO of Boutsen Aviation
- 52** Colour Extravaganza
Didier Wolff, Happy Design Studio Founder and CEO



72 Branding Luxury



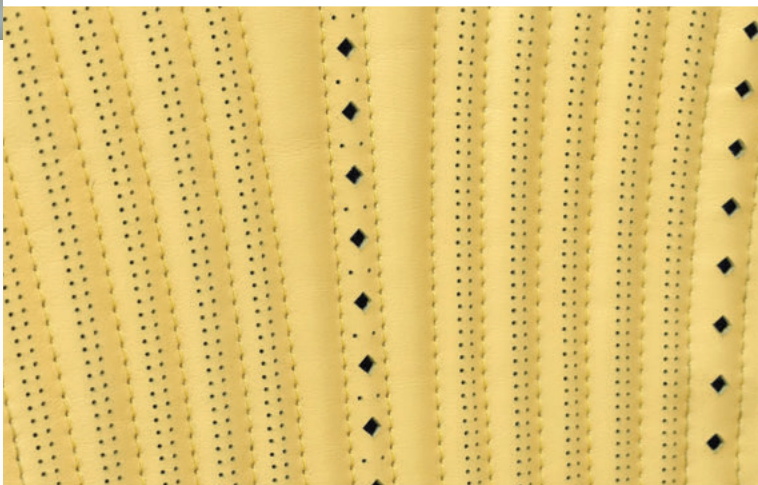
40



68

- 56** Quality First
Martin Lener, CEO, Tyrolean Jet Services
- 58** Better Together
Dr. Wassef Ayadi and Alan Cumming, Managing Directors of IDAIR
- 64** Procuring Perfection -
Scott Ritter, CEO, Dahlgren Duck
- 68** Dream cars -
Profile of Rolls Royce Motor Cars
- 72** Branding Luxury
Anthony McDonald, Founder and CEO of Bespoke Hospitality Management Asia
- 78** Broadening the base
Kenny Dichter, Founder and CEO, Wheels Up
- 80** Ready for change
Marc Bailey, CEO, British Business and General Aviation Association

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“Right now we have over twenty deals pending, heading for closure, which gives us a very good line-up for the first quarter of the year so I remain optimistic for the prospects for 2017.”

MAKING SUCCESS HAPPEN

Jetcraft Owner and Chairman of the Board Jahid Fazal-Karim talks to Anthony Harrington

Towards the end of 2016 Jetcraft produced its second annual 10 year forecast, looking ahead to 2025. By comparison with the company's initial 10 year view, produced at the end of 2015, this second effort was somewhat less optimistic about how things are likely to turn out for the sector.

The company's latest market prediction sees 7,879 unit deliveries, worth \$248 billion in 2015 money, being achieved over the next decade. This compares to Jetcraft's previous 10 year view, which envisaged 8,755 aircraft deliveries worth \$271.1 billion.

This amounts to a 10% shrinkage in units and an 8.5% reduction in cash generated, so however you look at it, the future looks somewhat bleaker now to the way things looked a year ago. Many in the industry have now taken up the theme that too many sectors in business aviation have too many players competing for a pot that is not growing fast enough for everyone to be a winner. The logical outcome this suggests is a continuing consolidation at many levels.

Jetcraft itself has already played a significant part in this consolidation. In April 2013 it snapped up the sales division of Execujet, giving it sufficient scale to claim to be the leading brokerage in the pre-owned market. The company's growth since 2008 when Fazal-Karim joined the company, has been impressive. When BAM spoke to Fazal-Karim at the end of January 2017, it was already clear that Jetcraft had had a record 2016, in terms of both transaction numbers and total revenue. Moreover, 2017 has started pretty well.

"Right now we have over twenty deals pending, heading for closure, which gives us a very good line-up for the first quarter of the year so I remain optimistic for the prospects for 2017," he comments.

He points out that one of the big unknowns is how the US economy is going to fare under a Trump Presidency. "There are two sides to what we have seen so far of Trump's policies. If you look at what he wants to do in terms of reducing



taxation rates for individuals and companies, that could be very good for the economy. If he does that, the rich will get richer, and that has to be a boost for private aviation, while corporates will enjoy bigger profits and we may see them refreshing their aircraft and upgrading their fleets."

"However, it is far from clear how his anti-globalisation views will play out in the international markets. So we can say that it is going to be positive for the US market, in all probability, but internationally, this is much less certain," he comments. Much depends on how US policies interact with international trade.

Fazal-Karim says that Jetcraft has already seen some negative impact in Mexico, where the peso is faring badly against a strengthened dollar. "What happens with adverse currency movements and increased uncertainty in the market is that it makes many of our clients wait before they decide to act, and this has been particularly true of China, Mexico and Europe," he notes.

On the other hand, Russia could respond rather more positively, particularly with some talk in the Trump camp about easing the sanctions imposed after Russia's annexation of Crimea. "If President Trump engineers improved relations with Russia, that would definitely help the Russian side of the business. The reality in Russia right now, however, is that there are still more sellers than buyers, but we are seeing a bit of recovery with some purchasers coming forward and some deals being done. Undoubtedly, though, the dominant trend is still Russian high net worth individuals taking advantage of dollar pricing to cash in their US denominated assets, which has brought a number of high quality, pre-owned business jets onto the market at attractive prices."

We also see some positives from his energy policies and the potential impact on the oil and gas market. Along with the recent OPEC agreement to impose production limits to try to reduce the global oil supply surplus, this too is a trend that can only help business aviation," he notes.

What is positive for the industry as a whole, however, is that sellers get a reasonable price for their asset, instead of having to sell at bargain basement prices. “You want good deals for the seller as well, so that they are in a position, in their turn, to shop for future aircraft,” he notes.

The US remains Jetcraft’s dominant market, with approximately 50% of all transactions coming from the North American market. “If you are a US buyer, with dollars, there are undoubtedly some great bargains available, both within the US but particularly where the buyer is prepared to consider aircraft coming from markets outside the US,” he comments.

There is, of course, no reason not to trust the quality of aircraft coming from other markets, because regulatory regimes everywhere set very high standards when it comes to the air-worthiness, maintenance and safety of private jets. “The good thing about our industry is that it is highly regulated, whether you are talking about flying or operating a business jet. This means that there is always a very good, well documented history for every jet, and they are almost always under EASA or FAA rules,” Fazal-Karim comments.

Any North American buyer who is interested in a non-US based pre-owned aircraft is able to do the same due diligence checks on that aircraft as they would on a US aircraft. “They can see how it has been maintained, how many cycles it has flown, where it has been hangared. We get all the information for them that they need to verify the status of the jet so we really encourage buyers not to limit themselves to the US market. Of course, they have to follow all the usual due diligence processes, but there are some very attractive aircraft that become available as options once you widen your scope to include aircraft based outside the US,” he notes.

Another positive factor that is now impacting the market has to do with the new aircraft models that are headed towards certification. New models have a positive impact because they always stimulate interest and some owners make the decision to upgrade. This in turn puts high quality pre-owned aircraft onto the market.



Of course, for new models to have the most impact, OEMs have to match their production rates to the level of demand that actually exists in the market at the point at which these new models become available. What makes this difficult is that production capacity has to be planned well in advance and market demand can fall off a cliff at a moment’s notice, as it were. “Basically, you want to deliver new models to a market that has strong demand. The danger for manufacturers is the possibility that they over-produce the new model and bring it to market when demand is not sufficient. That creates excess supply and really hurts the value of pre-owned aircraft as the new models replace existing models. That exacerbates weakness in the market and really ramps up price pressure on older models. So, much as I love seeing new models arriving, manufacturers really have a responsibility to think through their production schedules so that they match to the available levels of demand,” he comments.

Another problem that was particularly evident before the 2008 financial crash was the speculative “flipping” of new jets, where the same jet could be sold on two or three times before it even came off the production line. However, Fazal-Karim believes that the OEMs are now much more assiduous in ensuring that they have a real, final buyer for each sale they chalk up.

There is still a potential problem when an OEM sells a half dozen or so units of a new model to a fleet operator. Operators will generally take delivery if their anticipated levels of demand hold up, but if demand falls away, they will be looking to sell on the jets to fresh buyers. This in turn can lead to oversupply. It remains to be seen how this plays out over the next year or so.

“Outside of absolute boom times in the sector, flipping is a very dangerous strategy and one where the people involved can make significant losses very quickly. The main problem really is the big orders from the fractional players and fleet operators,” he comments.

Fazal-Karim is confident that Jetcraft has now achieved the right scale and global representation required to achieve its

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revenue targets. “We’re very focused on our core business, which is to advise clients and represent them when they want to buy and sell aircraft. So we are not interested in diversifying into other fields such as MRO or aircraft management and so on. We have grown significantly and with 20 offices worldwide our presence in our key markets is solid.”

“Today there are just a couple of areas where we could still be looking to hire more people. Currently, we handle Africa out of our Dubai office. It is quite clear that there will be some very interesting growth in the African business aviation market over the next few years, so it deserves more attention from us. We probably need someone in South Africa to manage sales across the continent, and we also might need one additional person for the Australian and New Zealand markets. However, overall, in terms of scale, we are sized appropriately to handle many more transactions than we are presently achieving,” he says.

Jetcraft closed 2016 with 82 total transactions, representing \$1.8 billion in value, which was a record for the company.

The Asia market continues to perform almost on a level with Europe, with around 18% - 20% of the company’s sales coming from each of the two regions. “The biggest challenge in Asia is political instability. China is clearly the biggest market and we still have some fallout from the ongoing anti-corruption campaign, but all the sales we have made in China have been to high net worth individuals, so they are still buying. What is clear though is that they are now very value conscious and people see real value in the pre-owned market. This represents a heightened level of sophistication in the Chinese market and is very welcome,” he comments. The aircraft that sell well in China, and in Jetcraft’s other main Asian markets, including Indonesia and the Philippines, are all the larger models, such as G650s, Globals, BBJs and ACJs.

“Looking forward we are cautiously optimistic. We’re coming off a record year and we have a very solid pipeline of work, so the challenge now is to keep up the momentum through the rest of the year,” he concludes. |BAM

Jetcraft Executive Team – from left: Founder Bucky Oliver, COO Peter Antonenko, Owner and Chairman of the Board Jahid Fazal-Karim, President Chad Anderson, CFO Anne Behrand



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THE ART OF MANAGING AIRCRAFT

by Anthony Harrington

Anyone in the happy position of being wealthy enough to own a business jet, is almost certainly not going to want to be bothered with the thousand and one details involved in taking care of that expensive and demanding asset. This leaves just two options: leave it all in the hands of the chief pilot, or hand the aircraft over to a specialist aircraft management operation.

As Mike Moore, Vice President of Sales and Aircraft Management at Meridian notes, the complexities involved in looking after an aircraft means that leaving it to the pilot – who has a full time job anyway – is unlikely to generate a satisfactory outcome. And if the owner wants to defray the costs associated with ownership by chartering out the aircraft when it is not being used, then no matter how competent you think your chief pilot is, the task is not within their scope. The only option is to find an operator with a strong aircraft management and charter sales track record.

Moore has spent the past eight and a half years helping build Meridian's brand on the east coast generally, and more specifically, around Meridian's Teterboro base. Now he is taking that same drive and enthusiasm to the task of establishing Meridian as a west coast, as well as an east coast, operator and aircraft management company.

In October 2016 Meridian opened its west coast FBO at Hayward. As Moore explains, Meridian is doing a phased build out at Hayward. The FBO as it now stands is a purpose-built 6,300 square foot terminal with support offices and has a 30,000 square foot hanger, and some 3.5 acres of ramp space.

Additional phases of construction are planned, and will include a second 12,000 square foot terminal, two 40,000 square foot hangars and an additional seven acres of ramp space. The facility will serve as a West Coast base for Meridian Air Charter and Meridian Aircraft Management. "Our aim is to build up demand for the existing hangar, especially for owners who want to offset costs by putting their aircraft onto our Part 135 certificate for charter operations. We're happy to win on-commercial management contracts too. However, where we can provide both hanger space and fuel for owners, that supports the most profitable side of our operation and helps us to ensure that we maintain the highest standards of service and support," Moore says.



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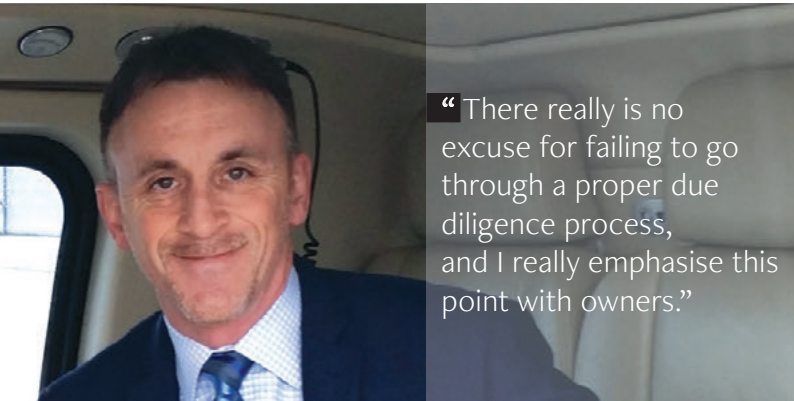
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Clearly, knowing each of your clients in real detail and understanding the various revenue streams associated with a particular client's usage profile, is a key part of aircraft management. Moore is in the early stages of building Meridian's reputation in California. "When we were building the brand on the east coast eight and a half years ago, it involved a great deal of cold calling and setting up meetings with owners to explain what was new and exciting about our approach to aircraft management, and the transparency that we bring to the whole costing process," Moore says.

"Today we are a household name on the east coast and we compete directly with all the other tier one aircraft management companies, including global players. The task now is to take that out to California, but we recognise that it will take time and plenty of hard work to get the same degree of recognition and brand awareness in the west that we now have in the east," he notes.



"There really is no excuse for failing to go through a proper due diligence process, and I really emphasise this point with owners."

The initial target is to get around seven aircraft, all flying charter. Moore says that Meridian has the structures in place to deliver a uniform, top-of-the-line service coast to coast, with 24 hour, round-the-clock flight operations handled by licensed dispatchers. "We have an excellent team out in California and we are considering developing a repair station out there once the aircraft management numbers ramp up," he comments.

From long experience, Moore knows that the sales cycle in aircraft management is rarely a short one. "You have to go in, over time, and establish yourself as the aviation expert, building trust as you go. Then you start getting the opportunity to generate proposals. We have been talking seriously to people who have aircraft in the Bay area, and now that we have our FBO open, I don't have to try to bring people out to the east coast to show them our facilities. They can see the quality of our proposition right in their own back yard, as it were."

Meridian has already won its first hangarage contract, with its first tenant being a Falcon 900. "We have our own Citation

XLS out there so the hanger is starting to look good," he comments. That first account has already opened the way to several additional conversations with owners. "If we do a good job managing your asset, you are going to tell your friends. So we make sure that we offer the highest level of service, the line by which all others are measured. This is a referral-based business," Moore says.

His philosophy is that aircraft management is very much a customer service business. "Anyone can operate your aircraft and get you from A to B. But if you want that to be done safely and cost effectively, plus having your costs offset with some charter hours, then that requires a high quality aircraft management operation. You need all the ancillary services, such as a professional flight team that can get you all the necessary permits, wherever you are going in the world."

Maintenance is another essential element. Moore points out that Meridian has a Part 145 repair station at Teterboro, plus the skills to ensure that when, say, an aircraft comes up for a 96-month inspection and has to be put out to a major MRO shop, Meridian can get competitive bids and minimize your downtime.

Undoubtedly, one of the biggest problems in building up an aircraft management business is the tendency many owners have to shop around with price as their major criterion. Moore says that it never ceases to astonish him that people will put an asset worth tens of millions of dollars into the hands of the lowest price bidder.

"There really is no excuse for failing to go through a proper due diligence process, and I really emphasise this point with owners. They need to know how to recognise a mature, efficient aircraft management company from one that is in deep trouble financially and grabbing at every contract they can get. This is a very competitive market and if you are not growing, you are shrinking. Visible growth is one of the surest signs that a company is doing well. Do the staff look happy? Are the buildings all well looked after?" he comments.

Owners really do need to ensure that they or their representatives visit the prospective aircraft management company. "You want to base your decisions on the reputation and financial stability of the company. There are only a couple of ways that an aircraft management company generates revenue, such as charter, maintenance and fuel. If you do not want any charter on your aircraft and someone is offering you an aircraft management contract at a very low price, you have to ask yourself how it is going to be possible for them to provide you with a quality service over the life of your asset," Moore advises. |BAM

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DESIGNING EXCELLENCE

A conversation with Tim Fagan, Bombardier's Manager of Industrial Design and the Lead Designer for the Global 7000 Cabin

On November 16, 2016, Bombardier successfully completed the maiden flight of its first Global 7000 flight test vehicle (FTV). The category-defining aircraft is expected to enter into service in the second half of 2018 and will have a 7,400 nautical mile range at M 0.85 with eight passengers and four crew. When in service, it will set the standard for a new category of large business jets as the first clean-sheet business aircraft with four uncompromising living spaces and a dedicated crew rest area

Thanks to an advanced wing design, the Global 7000 aircraft provides passengers with an exceptionally smooth ride. Its steep approach capability, short-field performance, and highly efficient engines, that power it to speeds of up to Mach 0.925, deliver outstanding performance, even at challenging airfields such as London City airport. Inside the cockpit, the Global 7000 aircraft combines advanced avionics technology with superior design aesthetics, giving pilots an unprecedented level of visualization, control and comfort.

The segment-defining Global 7000 business jet is uniquely designed from the inside out to deliver a cabin experience like no other, and will set the standard in the industry.

Q: Before we turn to the Global 7000, Tim, can you fill us in on your route to being the design lead on the Global 7000?

A: Certainly. I have a degree in industrial design and I joined Bombardier in the late 1990s. I moved to the business aviation division in the early 2000s and spent time in both product development and customer facing roles. This involved meeting directly with our business aircraft customers, helping them specify the interiors for the aircraft they were purchasing from Bombardier. From there I moved on to lead the core industrial design team we assembled to create the Global 7000.

Q: How early in the creation of a new model do you and your team get involved?

A: My team was involved at a very early stage in the development of the Global 7000, right from the point where details such as window design and placement, appropriate length for the main cabin and galley, are being studied. The initial goal is to ensure that the airframe is appropriately sized and that the design criteria, in the broadest sense, for a category-defining extra-long range business jet, have been carried through into the airframe design. You want to marry the aircraft and its performance capabilities appropriately, all the while providing the highest degree of luxury and comfort to passengers making long journeys in the aircraft.



“Our aircraft come complete with interiors. This is true across our entire portfolio. So design is a key part of our product offering...”





Obviously, the design process involves the industrial design team looking at aesthetics and functionality, but we also have to work very closely with engineering and manufacturing, so that requirements such as stress, weight reduction, vibration, manufacturability, and access for emergency systems, are taken into account in our overall planning. You need a multi-disciplinary team to be able to design and consider the cabin as a unified whole.

Any interior completions designer wants to make all the mechanical elements, the nuts and bolts of the airframe and systems it takes to make it fly, completely invisible to the passenger. So we work in very close collaboration with the airframe engineers, but also with the operations team responsible for the manufacturing and installation of the interior elements. You want an outcome and a design that combines all of this in order to move on seamlessly to the aesthetic and functional elements.

Q: How does this work in practice?

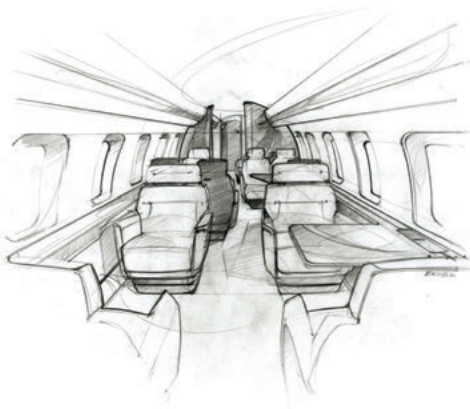
A: We go through a number of phases and iterations. Right at the outset we consider the aircraft from a floor plan level to understand how people are going to be laying out and moving through the aircraft, where the seats and cabinetry will be positioned, their location relative to the windows and so on.

Our view here draws on Bombardier's long history and experience in business aviation. So we start the design phase with a great deal of knowledge. However, the Global 7000 is the longest business aircraft we have ever produced and it is going to set the benchmark for long range private jets. It is larger and flies further.. This opened up new design opportunities that we wanted to fully explore.

One of the elements that we wanted to introduce was a dedicated bedroom area, so we had to determine what the right size and position would be for the bed, and what other amenities and considerations we needed to introduce to create the perfect in-flight sleeping experience. One of the reasons why we really go into depth and detail early on is that we want to ensure that the airframe structure can accommodate the full range of cabin variability. In one instance the owner might want a credenza in the cabin, another might want a divan and sofa in the same space, so you have to be able to tailor a range of different options into your design solution.

Q: Bombardier does not sell green aircraft to customers for them to hand over to a third party completions house and designer, so this is your way of extending choice to the customer?

A: Exactly. Our aircraft come complete with interiors. This is true across our entire portfolio. So design is a key part of our product offering, and we must ensure that whatever set of choices the customer makes, the experience in the cabin, whether the passengers are planning a short or a long flight, is smooth and comfortable - seamless. We believe that our cabins are the best in the industry and set the benchmark for quality and luxury, comfort and functionality, and this comes not just from the skill of the design, the engineering and manufacturing teams, but from the fact, too, that we spend a lot of time building our understanding of how people are going to use the cabin.



Q: I imagine you do full mock ups of the interior?

A: Mocking up is a very important part of the process. So we build full-scale models of our aircraft, including the Global 7000, to validate cabin details early in the design process. When we are designing a large TV set in the lounge zone, are the viewing angles right? Is the functional and ambient lighting correct in the bedroom? Is there a place to put your reading glasses when you are turning in for the night?

We want to make sure, before we finalise the engineering and crafting of the units, that all these types of elements have been fully considered. One of the benefits of a really strong, multi-disciplinary design team is that all the technical requirements can be fully discussed among a close-knit team. These are details that have an impact on the airworthiness of the aircraft as well as on the cabin aesthetics and appeal, and to the overall customer experience on board. What you are trying to do is to come up with a no-compromise solution that considers all the engineering and technical requirements that the team has to work within.

Q: You can expect to get a very wide range of tastes and customer types among your clientele for the Global 7000. How do you cater for the spread of opinion?

A: What we have created is a very wide range of possibilities for outfitting the aircraft. As a completions team, we need to understand the primary missions of our various customers. Is it going to a fleet owner or for charter? Or to a corporate department? Will the aircraft be mainly for the owner's personal use? Will there typically be many passengers aboard? What kind of flight durations and city pairs are important to them?

The Global 7000 can be configured for up to 19 passengers and can be divided into four unique living spaces. It is all about how the owner intends to use the aircraft. That drives the layout at a very basic level, so we try to zero in on this at the first meeting. Then we move to the more specific choices of cabin layouts that will best meet those needs. From there

we focus on the owner's personal taste on fabrics, colours and finish materials. The end result is an interior design that looks and feels different from one Global 7000 to the next according to the needs of the owner. Each aircraft is an expression of the personality of the customer.

One of the primary mandates of my team is to marry aesthetics, comfort, and function. This goes to the forms and shapes of the cabinetry and seating, as well as the layout. We look to firm up on this in parallel with the technological criteria and the primary engineering package that will guide the completions process.

We want the aircraft to be beautiful, comfortable, as well as functional, and the aesthetic choices made by the customer, whether he or she wants a very sleek, contemporary look, or more traditional cabinetry, all need to be embedded very early on in the engineering package.

Q: Clearly, in-flight entertainment and cabin management systems impact the users dramatically. What are your thoughts here?

A: Our philosophy is that you should be able to move seamlessly from your home or office to your aircraft environment and have the same connectivity experience or better. Bombardier is the first in business aviation to offer Ka-band high-speed internet, the industry's fastest internet connectivity, which provides consistent performance and seamless worldwide coverage. The Ka-band high-speed internet system lets passengers browse the internet, stream online media or stage a videoconference as quickly and as effortlessly as they would in their home or office.

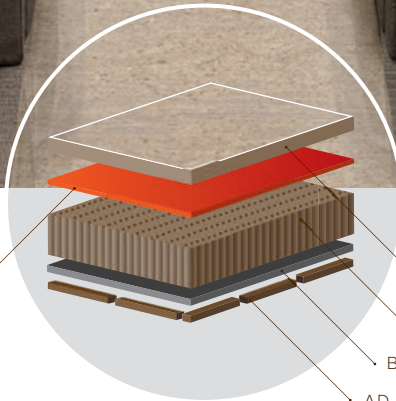
On the acoustic side, of course, our customers have come to expect a very quiet cabin and a smooth ride. With that in mind, we look at developing solutions on our aircraft that isolate vibration and dampen down sound. There is a lot we can do, from a materials perspective, that really brings sound levels right down and we believe we are leaders in terms of quietest cabin. **[BAM]**

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GETTING THE MOST FROM LIGHT JETS

by Anthony Harrington



The air taxi model based on light jets that threatened to take the short haul charter market by storm prior to the 2008 global financial meltdown has often been referred to as a “bust”. In fact, however, it never actually went away and a number of operators have run charter and fractional programs based on light jets.

JetSuite, in particular, has run a highly successful light-jet based charter operation since its inception. JetSuite CEO Alex Wilcox began running a light jets charter fleet shortly after the 2008 crisis at a time when Embraer’s Phenom 100 had only recently been certified and was attracting a great deal of attention. “At the time you could almost believe the hype that every garage would soon be sporting a light jet,” Wilcox recalls.

Things did not exactly pan out that way, but the Phenom 100 turned out to be an excellent aircraft for relatively short haul flights of between one and two-and-a-half hours duration. Wilcox came into the light jets fleet market in something of a tangential fashion. “I met someone who had just committed to buying a large number of Phenoms, having put down what amounted to a very substantial bet on the way the light jets market would go,” he recalls.

Wilcox was asked to write a business plan for the 15 Phenoms the gentleman was on the hook for. “We took five initially and worked flat out at making VLJ charter a commercial, paying proposition. As it turned out, it worked out very well but

things were hairy for a bit there. What we did that was very different to the air taxi model that had gone belly-up was to have a very simple, low-cost charging structure with no add-ons. A first time customer has no trouble paying for a flight on their credit card since the typical flight will cost around \$4,000, which is well inside the credit limit the card provider is likely to set on an upper middle-class earner,” he notes.

Another key point, as every aircraft and airline management knows, is the kind of aircraft utilisation numbers you are generating. He points out that if you look at how many hours private jets fly in a year, that number has held pretty constant over the last few decades. It is pretty low because the big aircraft OEMs sell jets to people who do not really use them very much. The big aircraft management companies with AOCs, think they are doing very well if they secure 400 hours of charter for an owner in a year, and a 100 hours a year will keep many owners happy. Wilcox points out that his jets fly 100 hours a month. That keeps costs down, plus the Phenom 100s have a very low running cost compared to a mid-sized jet.

Wilcox also makes an absolute point about buying pre-owned aircraft. Another big point, he says, is that JetSuite has reduced its un-utilised empty leg flights down to just a third. “I really do not see how a charter operator flying heavy jets between continents can make the economics work. The idea of repositioning a large jet via an empty leg intercontinental trip makes your eyes water as an operator. By way of comparison, if I have to fly an empty leg from Las Vegas to San Francisco that



is not a big deal because I can probably pick up two more flights with that jet before the day is done. It is important to realise just how hard we work to utilise our empty legs. We sell an empty leg flight for as little as \$536 and these flights are announced via our Facebook page and on JetSuite.com/SuiteDeal," he says.

With all this success in the light jet market, in 2016 Wilcox took the surprising step of applying his "high utilisation/low cost" business model to a highly scaled-up version of a regional jet-based charter fleet. The company launched its new, public charter airline, called JetSuiteX, based on 10 Embraer E135 aircraft completely reconfigured internally for the private client market. The airline began operating in April 2016.

"We spent \$1 million on each aircraft refurbishing it. We pulled out all those dreadful overhead bins and turned the E135 into an airliner that thinks it's a private jet. A customer can charter the entire aircraft for \$7000 per hour, or they can buy a single ticket – it is entirely up to them," he explains. The E135s as configured for JetSuiteX can take a maximum of 30 passengers.

A single seat can cost as little as \$79, which is very comparable to a short-haul, pea-nut carrier but the passenger is departing from and arriving at a high quality FBO, not a public airport where they are going to have to work their way through a scrum of people trying to get through security and baggage reclaim. "Our highest fare for a single seat on a one hour flight is \$320, but for a private jet flight, that's pretty good," he notes.

JetSuiteX currently flies between Los Angeles and Las Vegas and the Bay Area, including Concord and San Jose, plus Burbank, and in-season flights from Burbank to Mammoth Lakes. There is also an in-season flight between Burbank and Bozeman.

According to Wilcox, the concept has proved extremely popular. "We already have regular passengers, some of whom have already completed their 60th flight with us and we have a very high proportion of repeat travellers," he comments.

The first challenge he faced with JetSuite, other than getting the whole airline ready to fly and through the approvals process, was building awareness of the fact that JetSuiteX exists. On the basis that word of mouth is one of the most powerful forms of generating new business, Wilcox introduced a referral programme. "You refer someone, you get \$20 when they fly their first flight," he says. "We also run programmes with Uber and Lyft and some of the limousine companies and we have a deal with JetBlue for their TrueBlue members. Their most prolific flyers get a free ticket to try us out.

In addition to adding an airline, Wilcox says that JetSuite is planning to enter the aircraft management business and is in active discussions with a number of aircraft owners. "We will be announcing a number of new hires who have a lot of experience in aircraft management," he says. [|BAM](#)

PROFILE: SATCOM DIRECT

BAM talks to Chris Moore, Chief Commercial Officer

Q: Do you think the economy will pick up under the new Administration?

A: We still have to see how things unfold, but I think the Trump presidency will be positive for business aviation and for the economy. It has to be a huge plus that he is himself the owner of an iconic private jet. There is, of course, a massive business justification for having a private jet and he knows this as well as anyone.

Plus, this is a hugely innovative industry, and President Trump will be well aware of that. Many of the major advances in aviation come from the private jet sector. The initiatives we are seeing on the supersonic front from both Aerion and Boom are very exciting. On 16 November, for example, Boom Technology and Virgin Galactic showed off their triple engine XB-1 prototype replacement for Concorde.

In the satellite area, we are seeing enormous innovation too. There are many more players coming in to both the satellite and the air-to-ground (ATG) communications segment, and more technology is coming along all the time to enable aircraft to receive broader bandwidth from satellites. It is great to see this kind of innovation and investment. We also hear talk of Uber for private jets. That kind of stuff is very exciting as the people involved with private aircraft look for entrepreneurial ways of utilizing those aircraft.

Q: How does all this play for your business?

A: What we at Satcom Direct are doing is to focus on our ability to bring new benefits to our customers, such as managing an aircraft more efficiently, by bringing data off the business jet and into a private network. We made a heavy investment in the business nearly three years





ago to improve our terrestrial infrastructure and data centres. We saw, for example, that flight departments are not as advanced, digitally, as you would find in other industries and sectors. So, to provide a service here we launched SD Pro, our baseline system for flight departments. And on top of SD Pro we have built and are building a range of apps to help all those with an interest in flight data and the situation in the aircraft, to make much richer and more rewarding use of the data that is now available.

Very importantly, we also launched our cyber security platform, which makes us the only company in the industry to offer a full end-to-end cyber security network. You must remember that when you have broad bandwidth connectivity to the aircraft, cyber threats become a very real danger that you need to protect against. With Wi-Fi to the cabin and with cockpit data and VIP passengers dealing with commercially sensitive information and passing files between the aircraft and their various office locations, security in the air becomes absolutely vital. This concerns everybody, the owners and VIP passengers, and also aircraft operators, who do not want the embarrassment of their customers getting hacked or suffering a data breach.

To address, this challenge, we have our own data centres connected directly to our satellite operations, so we own all our own infrastructure, apart from the actual satellites, which is why we can provide a complete, military-grade cyber security network for our clients. We manage the bandwidth and connectivity that goes over the satellite, and once it is beamed back to a terrestrial station, we know how to move that data very cost effectively and to view it in real time. We have a major network operations centre in Florida that looks after all our data centres.

Q: You have always had an exclusive focus on private jets. Any plans to offer services and products to commercial aviation.

A: We don't do commercial aviation. The utilisation of the internet on passenger aircraft is only in its infancy, so we concentrate on private and military aircraft. We may come to look at other markets but this is our sole focus today. I am very pleased to say that our partnership with SmartSky, where we are the sole distribution partner for their ATG network is looking extremely promising. They are already doing test flights on their network and they are looking at rolling that out over the next 18 months.

Q: You cover both the Ka and Ku bands, don't you?

A: We do. We partner with Panasonic, who have a very strong Ku-band network, which provides virtually the same speed and coverage as Inmarsat's Ka-band, and we

can offer both to clients. There is tremendous competition in the satellite communications sector right now. Intelsat have just launched their Epic satellite, which will be an extremely high bandwidth service, comparable to Inmarsat's Ka-based service. Customers tend to get confused between the two, wondering which will offer them faster broadband, but they are now both quite similar.

Q: What else are you seeing by way of innovation in this space?

A: There is now more flexibility and more innovation around the terminals side as well, so we can get satellite communications onto smaller aircraft now, with multiple connectivity options. The company we acquired in December 2016, TrueNorth, makes our SDR router. This acquisition gives us a very strong hardware design and manufacturing capability. We now manufacture around 90% of all the aircraft routers on the market.

We also bought AircraftLogs, the scheduling company, so now we are able to offer clients a very powerful scheduling module that can take information direct from the operator's fleet of aircraft, wherever they are in the world. We have been providing fleet data for a number of years with SD Pro, but with the scheduling module we can now scale our solutions to any size of fleet, from an operator with just two aircraft, all the way to a 500+ aircraft fleet.

We have always provided satellite based data to both the cockpit and the cabin, but TrueNorth has given us a great deal of ability to develop and manufacture our own hardware solutions. These combined communications and technical capabilities allow us to really drive technical breakthroughs in aircraft connectivity. |BAM



“You must remember that when you have broad bandwidth connectivity to the aircraft, cyber threats become a very real danger that you need to protect against”



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MAKING A “FREE” BUSINESS MODEL PAY

BAM talks to Mark Blanchfield, Founder and CEO, Returnjet

The inspiration for Returnjet came out of three hours of intense frustration some five years ago, when Mark Blanchfield, the company’s CEO and Founder was trying to book an empty-leg flight on a private jet to the Mediterranean for himself and his family. It took him three hours of searching online to find a flight. That made him wonder why, with internet start-ups springing up like mushrooms on every hand, no one had yet done an empty-leg consolidation site for private flying. The rest, as they say, is history, though the Returnjet platform has now evolved far beyond having a sole focus on empty leg flights.

Q: Your focus is not the end user directly, but brokers and operators. That puts you squarely in Avinode territory and they have a huge head start on you. What made you confident that you could compete against them?

A: The simple answer is that the Returnjet platform is free to both brokers and operators. Avinode, by way of comparison, charges per tail, and the fees are not cheap if you are an operator with, say, 10 jets. We knew from the outset that Avinode had a monopoly position with customers in both the broking and operator communities. But we knew we had an answer to that despite the fact that a number of brokers and operators have Avinode embedded as part of their daily working practice.

We knew that it was always going to take time to get major Avinode users to see that it is worthwhile shifting from a pay-to-use system to a free-to-use platform which they could badge as their own. However, over the mid-to-long term it is very difficult for any supplier to compete against a free system, especially if the quality is comparable or better. We are very confident that our software, and particularly our search engine, is better than Avinode. It uses the latest technology whereas Avinode is a more elderly platform.

It is not completely impossible for a subscription model to compete against free, as we see from the software industry, where many firms still buy Microsoft despite the fact that there are free office productivity suites available on the market. But clearly we have a very strong marketing proposition and we are getting a great reception from both communities.

We do not under-estimate the power of inertia, however. It is going to take time for some of the bigger players to move. However, we are already working with global brokers who on a daily basis are using the Returnjet System.

The platform in its current iteration has been available for more than two years now, and we are constantly developing and adding new features. We already have a very substantial broker and operator user base and more are coming across from Avinode all the time.

Q: I understand a subscription-based model like the Avinode offering, but I confess to a little difficulty seeing how to make a free give-away model work as a revenue generator.



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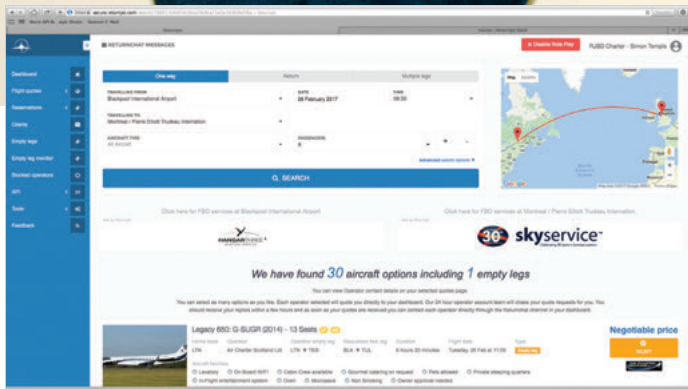
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“It is going to take time for some of the bigger players to move. However, we are already working with global brokers who on a daily basis are using the Returnjet System.”

A: We use the same model as the likes of Google and Facebook, which is to say that our revenue comes from the advertising displayed on our system. There are many suppliers in the business aviation community who want to make themselves known to either or both operators and brokers. FBOs, to take one example, have a strong interest in having their terminal made highly visible when an operator is quoting on a charter flight that begins or ends at their location. Our search engine will bring up the FBO’s advert whenever a quote request from a broker or an operator’s response happens to be relevant to them. The operator can then click on the advert to place an order at the same time they are confirming the flight. Other examples of prospective clients for us, many of whom are already using us to flag their products and services to operators, are aircraft wi-fi fitters, aircraft sales, insurance companies, fuel suppliers, flight support and financing companies.

The advertising model provides thousands of permutations with several hundred busy airports and seven aircraft categories. Another popular option is for an operator to sponsor a particular tail as a “featured aircraft”. Just like Google this

aircraft will always show at the top of the list for searches in a particular airport or region for a particular aircraft category. For example, Skyservice in Canada have sponsored aircraft tails in the midsize, heavy and long range categories for 3 of their Canadian bases. Our aim here is to make the adverts low cost (just \$50 a month) but maximise the volume in terms of the thousands of permutations available.

On top of this we offer permanent banners on the site, which show on every page opened by an operator or broker. Currently the viewing figure for these banner adverts are over 2,000 hits each day.

Another strong source of revenue comes from the fact that we white label our search engine technology to brokers and operators, and we have an app for both the iPhone and Android, that they brand as their own and can give to their clients. Our API search box can be limited to just empty legs only. Many brokers are promoting their empty leg offerings due to the high margins involved. Our empty leg search box refreshes daily and instantly shows the newest empty legs as soon as they show on the operators schedule.

Q: What would you say are the unique strengths of your platform?

A: When we designed the system, we spent three years building it, using the latest software development tools. We consulted widely with the operator and broker communities and we put together a very detailed database on each operator and their fleet. We now have over 800 brokers around the world using the system, which proves that we are a truly global player, and when you have a community of brokers of that scale generating requests for quotes, that is very attractive for an operator – particularly if they can get the platform that is bringing them those quotes for free!

On top of this, a large part of what we do is to interact on a daily basis with our operators and brokers. We are always responsive to any requests and ideas they have, so the system improves day by day. We have a team of developers and account managers constantly working on the platform.

At the same time, we are now working with several large operators to help them provide instant quoting data. We already take scheduling feeds from all of the major flight scheduling

systems but we are now taking this one step further to enable our platform to interrogate the quoting part of this system so that an instant quote will show on a broker search instead of an estimate first and then a quote to follow. This is a work in progress and we have just started our first “click and buy” options.

Another strength of our system is that there are messaging and email capabilities inside the system, with all correspondence held inside the system, as part of the request and offer process. Also a branded PDF presentation document which allows the broker to present all aircraft details and quotes to their clients within minutes. We designed this platform not just as a real time search and booking facility but also to perform as a broker management system. Somewhere they can archive all of their flight searches, reservations, correspondence and client quotes all kept in one secure place.

Q: Are you pleased with your growth so far?

A: We are delighted. We are really seeing brokers and operators encouraging each other to come over to our system. Our growth in traffic last year was 400% and this looks like it will continue at this rate. |BAM

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FLYING COLOURS

Anthony Harrington talks to Eric Gillespie, Executive Vice President at Flying Colours Corporation

Q: How is business, now that we are starting on the second quarter of 2017, and given that the market still seems to be slow?

A: The markets could be better for sure but we are very busy anyway as our business continues to grow. We have a diverse range of customers from across the globe and that has helped us develop, even though the business aviation sector has slowed down in the last few years. All of our facilities are busy, in fact we are looking at expanding our US and Canadian bases.

Q: What's driving the business growth?

A: We have seen an increase in our MRO business as we continue to grow our heavy maintenance capabilities. Our St Louis facility is used to performing heavy checks for Challenger 300s, but we have also developed the heavy check client base on Global 5000s and Global 6000s. In fact, St Louis is doing so well that Bombardier named it the winner of the North American category for its Bombardier Authorized Service Facility (ASF) Excellence Award for a second year in a row at the last NBAA.

We've also been increasing the amount of special missions work that we undertake. Obviously, every aircraft interior is bespoke but with special missions it normally requires another level of outfitting in terms of installing specialist equipment whether it be for military surveillance, coastal patrols or medevac. We have the capability to handle all these options and it's an area where we see a lot of opportunity too. We are also noticing that as 2020 gets closer, more and more owner/operators are booking slots to have the ADS-B Out tracking systems fitted. We have approvals for the Bombardier Challenger 600-2B16 (604 and 605) and 300 airframes so we are busy with this too.

Q: What are you seeing on the completions side? Has the market slowdown affected this part of the business?

A: Yes, it has had some affect but in a good way. As owners are reluctant to sell owing to the low transaction prices many of them are opting to refurbish their existing aircraft. We've seen a real increase in this sector of the business over the last year and have developed new offerings to satisfy the owner's needs for efficient, reliable, cost effective refurbishments. We can offer a full maintenance overhaul, a complete refurbishment and external paintwork all under one roof

which means that owners can have an as new aircraft for a fraction of the price in a reduced time. We have some exciting projects in the pipeline in relation to refurbishments too. Completions remain important but we anticipate that 2017 will be the year of the upgrade for us.

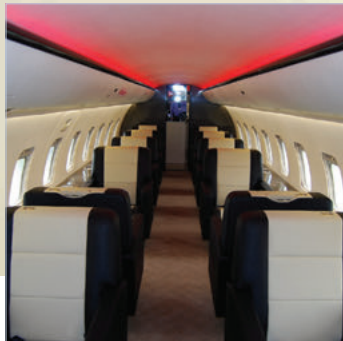
Q: Where in the world are you seeing the growth coming from?

A: The North American market is becoming more buoyant again and we've had a lot of interest from Asia too. It's quite a change for that region which initially focused on buying only new aircraft. However, as the market has matured we have seen a rise in activity from customers there. In the last year we have redelivered five newly transformed aircraft back to the region. Sparkle Roll of China has had three converted CRJ200s into executive aircraft, two corporate shuttles and one VIP layout. There are two more of these in the pipeline. We've also delivered two CR200s back to Resorts World of Malaysia in our ExecLiner VIP leisure format. Each of these projects has required extensive maintenance, an interior upgrade and external paintwork.

Q: How is the INAIRVATION project working out that you announced at EBACE last year?

A: It's working out extremely well. The blending of the pre-engineered components from INAIRVATION, with the custom design from our in-house design team is creating a very special aircraft. Our client completely understood the benefits for his refurbishment and understood that it would save time and money. The work for the first project has included maintenance, design and installation along with a striking paint design on the fuselage that gives the aircraft real ramp presence. It's like nothing we've ever done before and that's what makes it exciting. It's also been interesting for us to work with the INAIRVATION team. We're used to working on everything in house so have had to initiate some new processes to ensure we remained in constant contact with the IAV offices. The current project will be the first ever interior to be upgraded using the Inairvation products and we anticipate with the current appetite for refurbishments that it will be a popular choice in the next twelve months or so. We are already in advanced discussions with a second potential customer for this option.

Q: Is the INAIRVATION programme only available on the Bombardier Global models?



A: We've extended the range of airframes on which we can now install the INAIRVATION pre-engineered retrofit solutions in North America. Initially just available for the Bombardier Global Express we can now offer it on the Challenger 300, Challenger 605 and on Gulfstream models too. Owners of the Gulfstream G450 and Gulfstream G550 models can have their cabin upgraded using the INAIRVATION range and we hope that we will see more models come online this year too.

Q: Your North American business seems to be growing – what about your Singapore facility at the Bombardier Seletar facility in Singapore?

A: It continues to work very well, for us. We have added new personnel to the team this year and continue to mix local and Canadian employees which means we can share new knowledge skills with the local work force. The owners of the longer range jets appreciate that they can have their interiors worked on in the region, rather than flying them to Europe or even back to North America. This reduces down time and ensures the owners can use their asset more. We have even begun to send our team members on the road to do mobile repairs now. This is possible which is also proving popular with aircraft management as it adds value to their offering to be able to deliver the experts to the aircraft.

Q: What trends are you anticipating for the next twelve months in terms of MRO and interiors? Where's the business going to come from?

A: We are seeing a tremendous amount of innovations for cabin upgrades. The number of materials that can be used to create truly unique interiors is expanding; we are seeing demand for carbon fibre on the up; the variation in the range of materials is growing and now features all sorts of animal skin textures; wood is no longer just for the cabinetry there's a trend towards wooden floors and the traditional gloss veneers are being switched out for a matte look. Seats are also changing with many interesting new designs incorporating the option for heated seats or memory seats that retain the preferences of passengers are all in demand. On the tech front it's hard to keep up with what's on offer. Connectivity throughout the cabin is no longer a nice to have, it's a must have and the offering invariably provides telephony, IFE and even cockpit monitoring. The ways in which people access the tech has to be considered too. With so many differing personal devices, a passenger rarely has one item to connect now but invariably three or four. On board access via HD screens and curved screens is also going to become the norm. It's a very exciting time to be working in this field. |BAM



PARTNERING FOR SUCCESS

Vertis Aviation CEO Erica Da Veiga talks to BAM

Brokers have always been an integral part of the charter market. Even operators with a very active charter sales division welcome the idea of brokers steering clients their way. The defining characteristic of the vast majority of brokers is that while they may have a handful of preferred operators, they will generally feel compelled to seek out the most suitable aircraft from the entire market, to match each client's request.

However, as Erica Da Veiga, CEO of Vertis Aviation, explains, when she and fellow founding partners, Jeffrey Emmenis and Luca Madone, decided to launch Vertis Aviation in October 2010, they opted for a unique "hybrid" business model. "We wanted to create an elite charter business focused on long range business jets. We originally worked together, then each went on to do separate things. I managed Glaronia Aviation, whilst Jeff and Luca set about launching their own businesses. We all spoke about what we were hoping to achieve and it became apparent very quickly that it made sense for us to get together and do something very different," Da Veiga recalls.

With Glaronia, Da Veiga had struck up a commercial relationship with an owner of a long-range jet. "I suggested

to him that it would make sense for me to find an operator to manage his aircraft, and that I would then manage the private charter sales side. He agreed, and that was the model we adopted with Vertis. It has worked very well for us to date," she comments.

Key to this hybrid model is the fact that Vertis keeps completely out of the aircraft management loop, apart from introducing the owner to a suitable operator. Moreover, she points out that Vertis is happy to work with an operator that already has a strong charter sales arm as Vertis can help support and develop this business. Vertis has a global network of clients that want to charter long range jets therefore the partners are confident that they can add considerable value for both the owner and the operator, even if the operator is also generating charter sales.

"In many ways it is in the interests of both operator and owner to procure the charter hours. But often, operators specialising in the long-range business jet market either have no charter sales arm at all, or it is only a small part of their business. In those instances, they can outsource charter sales to us so they can focus on operating the aircraft. We have all been in the business for a good many years, and together



“We have also been successful at selling our empty legs and are able to optimise the aircraft’s time in the air.”

who specialise in wide body, long range aircraft. They understand the need to provide a very high level of personal attention to the owner. That is the kind of relationship that top executives and high net worth individuals look for,” Da Veiga comments.

have extensive experience in the field. Once we explain our business model to owners, and how it can support asset ownership they will often trust us to nominate an operator to work with. Once the jet is in place we can then make the charter sales on their behalf.”

This commercial approach appeals to aircraft owners. It also has additional appeal because Vertis offers a highly personalised service. “We aim to offer a boutique service to our owners, and consequently recommend operators

This relationship with the owners and operators gives Vertis a unique position in the sector. “We are not a typical broker in that we work with an exclusive portfolio of aircraft managed by operators with whom we have dedicated relationships. We have established an in-depth knowledge of each aircraft and can use this detailed information to provide much more comprehensive advice to our clients.

Our portfolio is spread across a number of operators, each of whom we have a partnering arrangement with. This combined

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“Our business model is based on working with a long-range fleet that can fulfil the complexities of these unique charter offerings. We have identified the most suitable aircraft around the globe to facilitate these missions and use our inherent knowledge to provide the best solutions for our clients.”

with our exclusive focus on charter sales, leaves the management of the aircraft entirely to the operator. It positions Vertis quite differently which is why we call this a hybrid model, sitting half way between the broker and the operator,” Da Veiga explains.

“We have some very special features on our jets which means we create long and strong relationships with our customers. On the BBJ, which is operated by Privajet, we have two dedicated Michelin star chefs that travel with the clients. In addition, we’ll always go that extra mile. An example of this is when we dressed an aircraft for a Valentine’s day flight for a client. We wrapped the outside of the aircraft with a big red ribbon and bow, whilst the interior was filled with Valentine’s themed decorations including cushions, balloons, flowers and a host of other items to create a romantic ambience. We also keep detailed notes of our clients’ preferences and have become experts at anticipating their needs before they do. This level of service defines our boutique approach.

“Our team is built of industry experts with extensive knowledge of the international charter market. We have four offices, in Zug, London, Dubai and Johannesburg, so effectively, we are able to span the globe to provide a service for clients. We have a developed and established model. It works perfectly and we don’t plan to change it, unless it is to add value for our clients” she says.

With the focus on long-range charters, Vertis flights typically average five to six hours. The customer roster includes high net worth individuals taking their families on leisure trips, heads-of-state conducting international tours, or entertainment companies requiring detailed world-wide journeys to support promotional activities.

“They often involve complicated multi-leg sectors that require specialist know-how and an understanding of all the intricacies. Our business model is based on working with a long-range fleet that can fulfil the complexities of these unique charter offerings. We have identified the most suitable aircraft around the globe to facilitate these missions and use our inherent knowledge to provide the best solutions for our clients,” comments Da Veiga.

“We have also been successful at selling our empty legs and are able to optimise the aircraft’s time in the air.” Vertis reckons that it typically manages to book charters for around 90% of its empty leg flights.

Is she worried about the rise of the online direct-to-end-user “find a flight” platforms? “We don’t see them as much of a threat to us. Typically, they are used by clients looking for small to mid-size jets flying shorter legs, it’s a different demographic to ours. We are aware that they offer the heavy, long-range jets and VIP airliners, however our clients necessarily require a higher level of service. The discretion, the need for complex multi-leg sectors, often the need for high-level security, and all that accompanies, is not something that is easily found on these new sites. However, we also welcome them as we anticipate these models will bring more clients into the market and welcome any business that promotes the benefits of executive aviation” Da Veiga concludes. |BAM



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SETTING A HIGH BAR

Tom Foley, CEO and Owner of Stevens Aviation, talks to Tony Harrington

Running a successful MRO operation is hugely demanding, requiring a very significant investment in skilled technicians, hangarage and parts as well as the highest standards of service and quality control. However, these are exactly the reasons why Tom Foley, the CEO of Stevens Aviation, one of the top MRO companies in the eastern United States, likes being involved with maintenance and repair services. “The competition is tough, but once you are established, there’s a very steep entry cost for new players, so that makes it a good business to be in,” he notes.

Foley has headed up Stevens Aviation since he acquired it in 1989 as part of his share of a three-way buyout of the North Carolina textile manufacturer JP Stevens. Today’s MRO operation began as part of the flight department of JP Stevens, under the direction of the company’s chief pilot, Ralph Cuthbertson, back in the early 1950s. At the time, JP Stevens ran several Beechcraft aircraft and some of the family were pilots.

The buyout, for \$1.2 billion, involved the rival, Georgia-based textile producer West Point-Pepperell, the Bibb Company, owned by Foley, and Odyssey Partners, a Wall Street investment firm.

Foley’s involvement came out of his background in private equity. He has an MBA from Harvard Business School and had a stint with the consultancy firm McKinsey & Company before joining Citicorp Venture Capital. He left CVC to set up his own private equity firm, NTC Group, in 1986. Shortly after he launched NTC, Foley bought a textile firm, the Bibb Manufacturing Company, in Georgia. Initially, therefore, the buyout looked like simply a consolidation move in the textile business, with two textile companies acquiring a third, but when it came to deciding who got what with respect to the target company, Foley found himself excited by the idea of acquiring JP Stevens’ former flight department, which had branched out and was offering services to owners of aircraft outside the Stevens Group.

“The original flight department had grown significantly,” Foley says. “They’d bought several FBOs and extended their MRO services well outside the JP Stevens fleet, building a broad customer base among Beechcraft owners in the Eastern US. I was a pilot myself, and loved aviation, so I jumped at the chance of getting hold of the operation,” Foley recalls.

A few years after purchasing Stevens Aviation, Foley took up the hugely demanding task of serving as the Director of

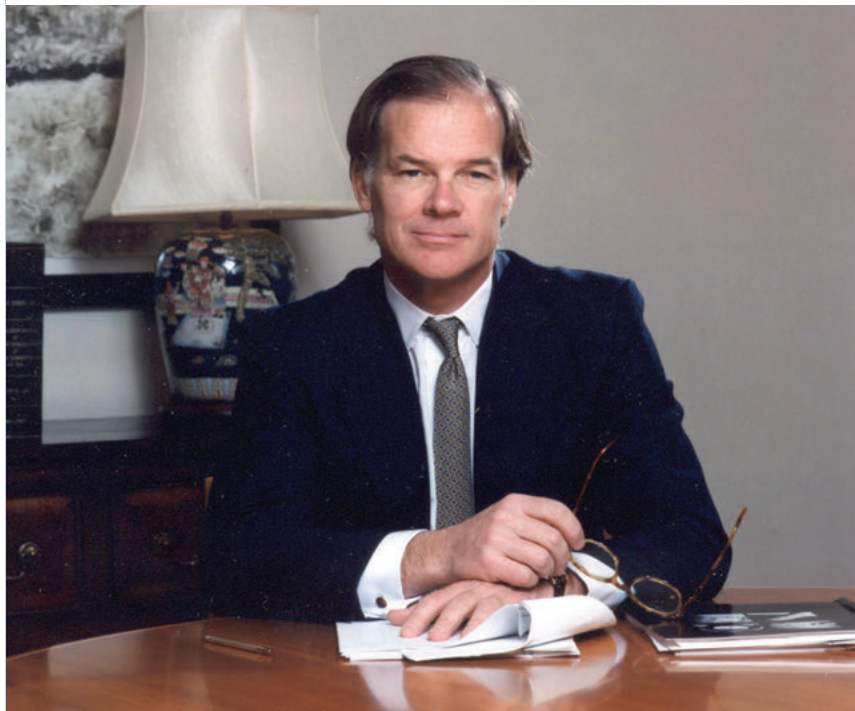
Private Sector Development for the Coalition Provisional Authority in Iraq, tasked with much of the rebuilding of the Iraqi economy. His responsibilities from 2003 to 2004 included overseeing a large number of the 192 state-owned enterprises in Iraq and trying to stimulate private sector growth at a time of rising sectarian violence between the country's Sunni and Shia populations. He received the Department of Defence Distinguished Public Service Award for his service in Iraq.

He had a brief few years back in the US at the helm of NTC Group, but from October 2006 to January 2009 he was asked by President George Bush's Administration to serve as the US Ambassador to Ireland. This was a period when US policy was not going down well in Ireland. Foley had his work cut out explaining and winning sympathy for US policy at the same time as he worked, along with the US Ambassador to the UK, Robert Tuttle, and special envoy Paula Dobriansky, to re-establish devolved Government in Northern Ireland under the Good Friday Agreement. He was able to witness the success of these efforts in person, in Belfast on May 8 2007, at the swearing-in of the new Northern Ireland government.

In June 2009 he declared his intention to run for the US senate against the incumbent, Christopher Dodd. However, when the Governor of Connecticut Jodi Rell announced that she would not be running for a second term, he withdrew from the Senate race and sought the Republican nomination to run as a candidate for governor. He won the Republican primary in August 2010 and became the official Republican candidate, narrowly losing to the Democrat Dannel Malloy in a

whisker-close contest (48.95% of the vote versus 49.50% of the vote). He took on Malloy once again for the governorship in 2014, again winning the Republican primary and beating his rivals convincingly, but he lost to Malloy in another extremely close contest, (48.1% versus 50.9%).

With politics on the back burner again, Foley was once more free to turn his attention full time to Stevens Aviation, which had long disposed of its FBO interests, apart from Dayton, where the company provides fuel for client use when they visit the MRO.



The business now consists of three major operational bases, in Dayton, Nashville and Greenville, with Dayton and Greenville providing a full service operation. This includes having both paint shop and interior refurbishment capabilities as well as being a Part 145 repair station. Stevens Aviation has retained its Beechcraft pedigree and now provides services for the entire Textron fleet, as well as for Embraer Phenoms and Legacy aircraft, Dassault Falcons, Gulfstreams, Global Expresses, Challengers and Learns.

“We are strictly a General Aviation shop. We do no work on commercial airline derivatives such as BBJs and ACJs. Embraer Legacies are probably the largest aircraft we work on, along with Dassault Falcons, Gulfstreams and Global Expresses,” Foley explains.

Growing an MRO operation has its challenges, but a very successful growth route for Stevens Aviation, under Foley's direction, has been to expand the military contracts side, as well as providing MRO services, avionics upgrades and interior refurbishments to other government department aircraft.

“ We are strictly a General Aviation shop. We do no work on commercial airline derivatives such as BBJs and ACJs. Embraer Legacies are probably the largest aircraft we work on, along with Dassault Falcons, Gulfstreams and Global Expresses.”



“Today about 35% of our business is military contracts, and we are very proud of that fact. The standards in general aviation are very high and we are a very highly regulated industry, but customers know that the standards demanded by the US military are even higher. So they like the fact that we do work for the military. It acts as a quality kite mark,” Foley comments.

“The standards in general aviation are very high and we are a very highly regulated industry, but customers know that the standards demanded by the US military are even higher. So they like the fact that we do work for the military. It acts as a quality kite mark.”

Along with the MRO work, Stevens Aviation specialises in refurbishments and avionics upgrades. When owners bring aircraft in for a significant mandatory inspection they often take the opportunity to upgrade the aircraft, add on modifications and refresh either the cabin interior, or the exterior paintwork, or both. As a full service, one-stop MRO destination, Stevens is well equipped to deal with all the client’s requirements, Foley says.

One of the major challenges for any MRO operation is to ensure that everyone works to the highest standards every day, with no falling away. “We keep a very tight grip on quality. We have a zero errors initiative in all three of our locations and we have programmes in place to track anything that even looks like an error. Every time we catch anything we engineer a solution to make sure that that particular near-slip up or actual error never occurs again. So our error rate in the last ten years has dropped to virtually zero,” he comments.

Once you manage to really get a zero-error culture bedded down in an organisation it has a tremendous guiding effect on employee behaviour. Everyone is that much more careful, and that much more professional about everything they do. No one wants to be the guy who slipped up, even fractionally.

“MRO is all about aircraft safety. We are in a business where safety is paramount. It is the number one concern and there are real consequences if people make errors. So our team stays alert and focused at all times,” he notes.



Another challenge is that the high standards in the sector really demand deep experience from staff, which really only comes with maturity. But at the same time, with 300 employees, Stevens Aviation also needs to keep a steady stream of younger, skilled technicians coming along. “You have to bring in new people and younger people for two reasons. First, obviously, you want to ensure you have a continuity of skills as people age and retire. Second, there are new aircraft and systems coming out all the time. Younger technicians tend to be better adapting to change, so they fit in well with newer aircraft and avionics. We partner them with older, experienced technicians who have, as it were, seen the movie multiple times, and that works well,” he notes.

Foley has been particularly impressed with the Embraer product line up. “There is no doubt that they have a great line up. We do a lot of maintenance work on Phenom 100s and 300s and the fractional fleets that use them seem to like them. All the aircraft OEMs are having a hard time selling aircraft in the current market, but Embraer is holding its own. The nice thing about these aircraft is that they are all basically brand new. So they tend to incorporate all the latest materials and technology. We still see a number of aircraft coming in for maintenance work that are forty and fifty years old, and some of them are just not able to take advantage of some of the technology that is available today.”

“MRO is a hard business for two reasons. One is that on the types of airframes that we work on, MRO is a

very complex affair with high skill requirements and a very demanding regulatory environment that you have to comply with. The second is that this is a service business and like all service businesses, it requires a higher level of effort and attention to the customer than is demanded from operations that just sell product. If you make a mistake in a service business, it is very easy to lose customers and it is very hard to win them away from a place where they are happy. So we pay a huge amount of attention to the relationship with the customer,” Foley says.

MRO has become an even more difficult business over the last five years or so because the aircraft OEMs have responded to falling sales by trying to increase their revenue take from after-market services, including MRO and upgrades. However, Foley points out that Stevens Aviation has been winning customers despite this renewed effort from OEMs. “We are able to provide a much more flexible and personalised service. We work with the customer to find the best and most economical solution to their problem. We fit their visit into their schedule, whereas OEMs often will just slot them into a queue and the customer had better have the aircraft available when their number comes up. If you want to come and see how we are getting on with your aircraft, we’re happy to have you stay with us and watch. This is a personal service business as well as a technical business and we strive constantly to excel at both,” he concludes. |BAM

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A SURFACE TREATMENT

by Thomas Wahl, Marketing and Communications, F/LIST

It has been 57 years since the foundation of List Carpentry, today known and branded as F/LIST. Looking back, some 37 years have passed since we completed the fitting out of our first hotel, and 27 since our first cruise ship. We entered the aviation sector some 13 years ago. In those 13 years, the Austrian family company F/LIST has thrived, becoming a market leader in high-end interiors for business and private jets, mega yachts and luxury residences.

A lot has changed since the early days. We have grown from a small workshop amid the hills of southeast Lower Austria with just seven carpenters, to a multinational enterprise with 700 employees. Cutting, drilling, potting, pressing and painting have come a long way since the post-war era. Buck-saw and whittle have been replaced by five-axis CNC milling machines and our products no longer adorn local kitchens and pantries but multi-million-dollar yachts, aircraft and luxury residences.

A lot has remained the same nonetheless. We still delight in the smell of freshly cut wood. We still go for that immaculate surface finish, and we still treat every single piece of work with the utmost care and precision. We still sand delicate edges manually and let nothing leave the premises without our quality assurance experts' keen-eyed approval. Between the poles of pure, unadulterated craftsmanship and high-tech, low-cost, fast-paced automatized production technologies we have built for ourselves a reputation of combining the best of both worlds. Where others strive to rationalize, slim down, streamline and dock, we hold to a perfectionist's pragmatism:

we choose the ideal means to achieve the ideal product, without compromises.

The philosophy by which we live and work on all levels boils down to three words: beyond the surface.

With our extensive competence in lacquer and varnish technology we are able to offer a vast variety of exceptional surface materials, such as amber, egg shell, ray or frog leather, and our real stone veneer and 3D wood veneer. What makes these veneers superior to anything else in the industry is that we have a proprietary technology that enables us to bend veneers smoothly around edges, instead of having to use some kind of covering strip to mask the join. This enables us to stand out in a business where the surface and its properties are the prime selling points in the finishing of luxury jets.

We use state-of-the art laser technology which enables us to engrave any imaginable ornament or image on almost any surface. This opens up unending design possibilities and adds a whole additional dimension to the F/LIST approach.

But we look to go beyond blending craftsmanship and technology. Relationships are at the heart of our business and this shapes the way we look at things. Ours is a business where there is a tremendous emphasis on surface appearances, for how a thing looks. Our approach, however, ensures that beneath the surface layer in much of what we do, there is a great deal of technology and knowhow. Where other products would have nothing beneath the surface but inert material,

we add technical ingenuity, for example, we could point to the integrated heating layer under the surface of our stone floor. This is also a metaphor for our philosophy, the way we approach our business. We strive for reliability and to show true appreciation for our employees, partners, suppliers and customers, to have a passion for what we do that is about more than “just business”. At the same time, we seek constantly to bring about truly groundbreaking innovations that will move the industry forward instead of perpetuating the status quo – and we are willing to take all the risks this entails.

For us it is not enough to stick veneers around a pre-built cabinet and roll it out. We plan, produce and veneer every single part individually, with a minute precision that is unmatched in the industry. We create revolutionary lightweight composite materials with our joint venture HILITECH and we work beyond the surface geometry, always alert to the potential for introducing bold new ideas. A key example here is the way F/LIST created the first fully certifiable real stone flooring for aircraft cabins with integrated heating.

All in all, 2017 promises to be one of the more exciting years ever for F/LIST, taking us forward on our quest for growth and expansion, and bringing us ever closer to our customers. In today’s information society, you can transfer knowledge, images and data with a mere mouse click. However, cabinets or flooring tiles for aircraft still have to get from A to B, from the manufacturer to the completion or service center, ideally undamaged and within a reasonable timeframe, which can be a challenge.

To help us expedite delivery, we opened an on-site support unit in Melbourne, Florida, and a new production plant in Montreal, Canada, to service North America, one of our most important markets. The gains in efficiency and flexibility this has created are huge. If a cabinet doesn’t have to be shipped half-way around the world for a touch-up or for some slight changes, both we and our customers profit.

In Berlin, we have just taken another large step forward with the acquisition of OHS Aviation Services and the resulting foundation of F. LIST GERMANY GMBH with EASA Part 21J DOA and Part 145 certifications. The former allows us to approve the plans for the interior components we build without feedback loops to the airframe manufacturers; with the latter we can refurbish entire aircraft interiors on board and dismantle and install interior components ourselves. These advantages bring a whole new meaning to the words “completion and service center”: customers in Germany will profit from a one-stop shop model, where F/LIST covers the complete value chain of their aircraft interiors, from planning through to installation and aftermarket services – a capability which will benefit all F/LIST locations worldwide.

Speaking of aftermarket services: the upcoming F/LIST locations in Montreal and in Dubai will bring a new level of convenience for local aircraft owners and operators. Without the hassle of sending samples back and forth, clients can examine surface materials for refurbishments or even complete retrofits of used aircraft. Alternatives can be compared and a selection made on-site. Smaller repairs and touch-ups can be done at any time; full and customized refurbishments can even be conducted during the standard aircraft checks without lengthening the scheduled downtime.



Naturally, promises, plans and prospects are one thing. F/LIST’s imminent EN 9100 certification guarantees that everything said thus far is not merely empty rhetoric. A stringent quality management program conveys security and trust to all our stakeholders and ensures that we not only maintain our standards but constantly improve them.

At this year’s EBACE in Geneva, owners, designers and all other interested parties have the chance to get to know the F/LIST philosophy, our team and our top-quality products at firsthand. So if you would like to meet the people behind the brand, please join us at our booth T110 and hear about what we can offer.

Do as we do, go beyond the surface. |BAM



PILOT FATIGUE:

Science? What Science?

Some French critic once said that political speeches were essentially poetry, by which he meant that truth in politics tends not to map very closely to what most people would regard as reality. The European Cockpit Association (ECA) has been experiencing something akin to this in its dealings with EASA over the contested topic of pilot fatigue.

This is more than a little strange, since EASA's involvement with pilot fatigue is essentially a safety issue, and one would have expected that safety issues absolutely have to be truth-based. Which, of course, means science-based.

As ECA Vice President Jon Horne, himself a commercial pilot for 16 years, notes, this is exactly the line that ECA took in developing its approach on pilot fatigue. It drew on the finest science available, including going to NASA, who knows more about this topic than most organisations. So it was astonished the first go round when EASA produced its rules on pilot fatigue for commercial aviation.

"To any unbiased eye, the only conclusion one could come to was that EASA cherry picked the science, ignoring most of the bits that would have created scheduling problems for commercial carriers," Horne says. Now, it seems, EASA risks

taking a similar approach to drawing up its FTL rules for business aviation, though those rules will not be published for some time yet. The latest thinking is that we might possibly see an initial draft in the first half of the year.

Q: When did you become involved with rule making on pilot fatigue?

A: I started out as a scheduling specialist in the British Airline Pilots Association, BALPA, and was there when the FTL (Flight Time Limitations) topic came to EASA. I moved to the European pilots' association to continue work on FTL. There I joined the rule-making task of EASA as well as being involved in the wider campaign with all 37 European pilots associations. There is one association per country for each of the 27 member states plus ten neighbouring states that are caught up in EASA rulings. They are all members of the overarching body, the ECA, which represents something like 38,000 pilots in total.

Although not directly relevant to EASA and FTL, we are under the EU social partnership legislation, where we are the representative body for the pilots' side. That gives us the ability to get together with other social partners, which include representatives of employers, airlines and all the other stakeholders in the aviation industry. Under

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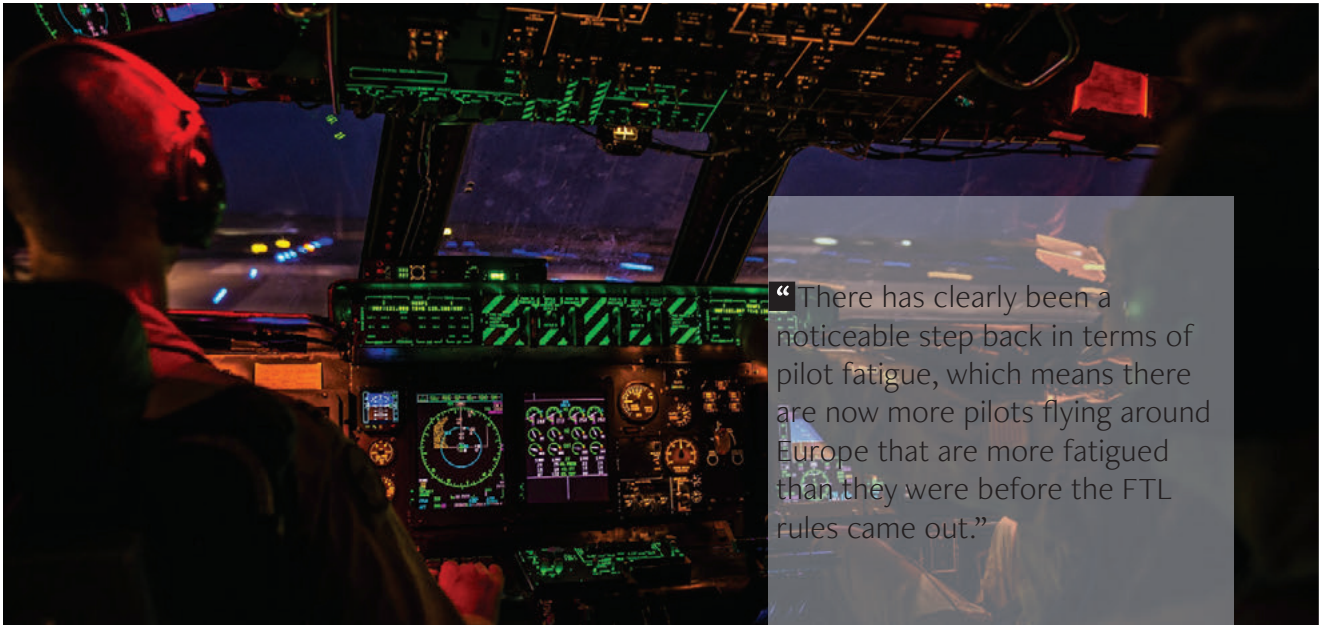
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this regime we can do everything from agreeing joint statements to providing interpretations of the law and suggesting new legislation. It is all part of the EU's social dialogue process, and if we produce a suitable agreement, it goes up to EU institutions to be coded into law.

So, for example, it was recognised that while there could be one working time directive for industry in general, aviation would need its own special working time directive. However, the FTL regulations are a separate safety issue so they fall directly under EASA. They have a rule making group, which has various airlines and national authorities represented, along with crews.

Clearly, what EASA wanted was a harmonised rule set for FTL, but various interest groups on the EASA rule making committee had their own views of what that harmonised rule book should be. For our part, the pilots group wanted to get away from anything swayed by commercial or industrial interests. It would have been easy for us to be tempted to look to feather-bed the pilot's position, which would have been indefensible. So it was unanimously agreed that we would look to hard science facts to determine what levels of fatigue are demonstrably dangerous and where the risk boundaries lie.

Q: What did you do to define the science-base for your position?

A: We worked as hard as we could with EASA to get a science base for the rules and we thought we had a very strong science-based set of proposals. EASA initially worked very well with us on this. But as the process went on, and subsequently when it went to the EASA committee, a lot of lobbying took place, with commercial interests very keen to try and avoid any restrictions on their scheduling of pilots. When the rules appeared, it was clear that bits and pieces of the science had been cherry picked. So commercial air transport FTL rules have some very big flaws in them.

Specifically, what the science showed was that pilot fatigue is exacerbated in a number of key areas. The flaws show up particularly if you back-to-back late finishes and early starts (known as 'disruptive schedules'). The rules also go well beyond the overwhelming body of scientific advice with respect to night flights, and also where you take on extra crew to extend the duration of flights. As a commercial pilot, what I find is that in my job today, with the commercial FTL rules in place, I now fly for longer and have more early starts and trips that flip between early starts and late finishes. There has clearly been a noticeable step back in terms of pilot fatigue, which means there are now more pilots flying around Europe that are more fatigued than they were before the FTL rules came out.

Q: Is there a particular aspect where all European pilots have noticed a worsened situation under the new rules?

A: Prior to the FTL rules the various country civil aviation authorities had their own rules, and some were sensible, and some barely had any restrictions at all. So whether you are in a better or a worse position, as a pilot, post the commercial FTL rules, depends on what the rule book used to be in your home state.

Q: And you are saying that a similar cycle of engagement followed by apparently arbitrary decisions about which bits of science to follow and which not, is happening in business aviation FTL?

A: This might indeed happen, not least as the business aviation rules are based on the Commercial Air Transport rules. When we started working on the business aviation

FTL proposals, we sat down with the EBAA and both sides committed to getting science put back into the discussion. EBAA, in consultation with ECA, commissioned scientists from FRMSc, a spin-off from what was formerly Qinetiq, which had its origins in the UK defence research agency. They know their stuff and the scientific data they produced on where the risk boundaries lie with respect to pilot fatigue was very good. There is wide-spread agreement that, in general, business aviation pilots do not fly as many cumulative flight hours as commercial pilots. They are also frequently on standby for much longer periods than a commercial pilot would expect to be.

We are concerned there are indications that the upcoming business aviation rules may reflect some elements of this scientific report, and leave other essential but less convenient parts out, but until the draft rules are published, cannot say for certain.

Having started out with the EBAA team working with ECA in good faith to bring scientific input into the business aviation FTL rules, pilots obviously hope that concerns about selectively adopting this scientific input do not materialize when the rules are published. There

are probably some large companies within business aviation that might find it easier if sections of the scientific input are not taken up – which is troubling given the way scientific input was (mis)used in the CAT rules that are the basis of business aviation FTLs. It would seem almost impossible for a regulator to make people work beyond what scientific input assesses as fatiguing, but given the experience with the Commercial Air Transport rulemaking, the publication of the draft rules is awaited with trepidation.

What we have now in commercial aviation is pilots flying for longer, more often, at more disruptive times of the day and the big airlines have less trouble with pilot scheduling. That is not the way it is supposed to work. And we do fear we may have much the same outcome for business aviation when the FTL rules come out.

Q: So is that it? Job done on FTL?

A: Not quite. We insisted on a scientific review clause to be written into the FTL rules for commercial flights, which is clearly a very good thing. Another scientific consortium has just started work looking at the impact of the current FTL rules and seeing if they are performing as they should, or if pilot fatigue is still an issue – which we know it is. We hope that the findings of this scientific review, expected to be finalised in early 2019, will be honoured in full. After all, it is very hard for a regulator to go against scientific advice. If something bad happened, they would find themselves in an indefensible position... |BAM



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RACING AHEAD

BAM talks to ex-Formula 1 driver Thierry Boutsen, Founder and CEO of Boutsen Aviation



“Throughout my time as a racing driver I had a passion for aircraft. I had my pilot’s licence and I had bought and sold several small aircraft.”

Q: What is the link between Formula 1 racing and aviation? Is it speed or the fact that the top Formula 1 drivers are themselves high net worth individuals and likely to own or use private jets?

A: Both really. My Formula 1 career ended in 1993, by which time I had been racing variously for Williams, Benetton and Jordan, since 1983. I chalked up a fourth place (my highest) in the F1 World Championships along the way and thoroughly enjoyed it all. My racing career as a whole spanned 23 years, but when I decided to stop I had no regrets. It was time to move on.

However, throughout my time as a racing driver I had a passion for aircraft. I had my pilot’s licence and I had bought and sold several small aircraft, as well as doing some transactions on behalf of other drivers. So when I retired, I had a request from another driver who wanted an aircraft like the one I was flying at the time. He didn’t know where to get it, or what to do, so he became my first customer and I launched Boutsen Aviation on the back of that. My aircraft at the time was a Cessna Citation 1SP.

At the time, I already had a reasonable amount of experience in buying pre-owned aircraft, having bought my own several times. I had, at various times, a Lear 35-A and a Citation IISP and I suppose I was flying around 250 to 300 hours a year going from one race event to the next, and to marketing events and so on, with some leisure flying.

Q: How did you find getting your pilot’s license and fitting that in between racing?

A: It was a piece of cake, really. I did the private license test, that

is, the 4 ground courses and the exam, not the flying, in two-and-a-half days. You have to do a minimum of 40 hours flying to complete the license, then I had the type rating certification process to go through moving from a single engine to a twin turboprop, then into type ratings for the Citation jets and the Lear. I really enjoyed the simulators. They are a tremendous piece of equipment. You can go beyond your limits without damaging anything and walk away from it all and have lunch. Knowing what happens when you do something wrong is invaluable in helping you to avoid that situation in reality. This was very much the case in Formula 1, push the limit, but do not exceed the limit!

Q: How did the business grow after your first transaction?

A: After my first customer, I then sold an aircraft to another fellow driver, Mika Häkkinen, and other transactions followed, to Keke Rosberg, Michael Schumacher and others. I now have clients all over the world and as of now we have sold some 335 aircraft in 51 different countries. The sales have involved 74 different types of aircraft, so our field of knowledge has continued to expand and there is a great deal we can bring to a transaction in terms of advice and consultancy, as well as getting the deal done.



Our transactions have included everything from an Airbus corporate jet all the way down to the smallest Citations. We do helicopter sales as well, but that only makes up around 10% of our business.

Q: What is the main source of new business for you?

A: We have a very extensive network, with some 10,000 contacts in our database, and a further 25,000 contacts that we can access indirectly. The world of private jet sales is actually rather a small one, and word of mouth carries enormous weight. Everyone knows everyone and we have been very careful in all the transactions we have done. So far, we have not made anything like a major mistake and the quality of service that we provide to our clients, both buyers and sellers, is exceptional.

A major part of our work is doing aircraft appraisals and consulting, helping clients, for example, to be sure that the aircraft they are looking for is well suited to their needs. One time out of two, after talking with us they change their mind on the type of aircraft they need, so that helps them to avoid really expensive mistakes. This kind of thing helps to build our reputation as a company that provides a very high standard of service. We understand the market so much more deeply than many of our clients. So it follows that there is a great deal of added value that we can bring to the table.



We also have a very wide spectrum of clients, ranging from Heads of State to major international companies, big industries, local companies, high net worth individuals, sports people and show biz people. Banks use our services a good deal. We also sold a Gulfstream G-V recently to a top pro golfer.

Q: Do you sell much by way of new jets, or is it all pre-owned?

A: 95% of what we sell is pre-owned. We work with our main competitors from time to time and we also compete against them. In this business that is very normal. Often it is much better to work together so you are both certain of getting half a loaf rather than nothing at all!

Q: How much has the market changed over the last few years?

A: Our business is changing all the time and we have to adapt to this continuously. We have seen incredible changes in customer behaviour and in aircraft pricing since the global financial meltdown in 2008. Pre-2008 this was very much a seller's market. You could ask for a major premium on a pre-owned aircraft because there wasn't much else for the buyer to choose from. Today, it has flipped completely and it is now very much a buyer's market. We see some 2,500 aircraft for sale as against less than a thousand pre-owned aircraft in 2006, and prices are still dropping off a cliff.

So far as I can see, the market is still deteriorating. There are still too many jets available and prices are still dropping. The market can absorb at most 600 to 700 transactions a year, and there is a pool of 2,500 jets for sale. Those figures tell their own story. Prior to 2008 aircraft were not depreciating, you could buy one for \$5 million, keep it for three years and sell it for \$5 million. Today you can buy a used G550 for \$20 million, and that same jet would have cost you \$30 million two years ago.

On the plus side, this is truly a great time to be a buyer in the pre-owned jet market and we are still getting our fair share, or perhaps a bit more than our fair share, of those! |BAM

MAKING A RAINBOW WORLD

Happy Design Studio Founder and CEO Didier Wolff on visionary designs



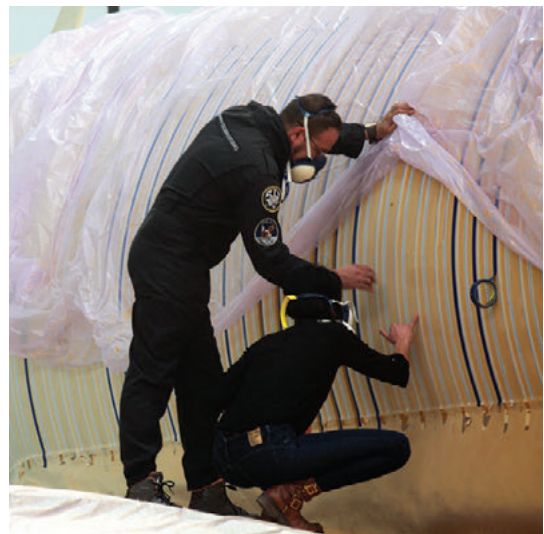
The inspiration for Didier Wolff to start his own design studio specialising in producing unique liveries for luxury aircraft and helicopters, came from an unusual source. Back in 1998, British Airways CEO Bob Ayling decided to do away with the Union Jack on the tail of every one of the BA fleet, and instead to invite artists from around the world to contribute designs that illustrated the ethnicity of whatever route a particular aircraft had been designated to fly.

Ayling's perception was that the Union flag on the tail of the entire fleet made BA seem too remote, imperialistic and detached. In fact, history has labelled the "World Tail" branding exercise a disaster. Margaret Thatcher hated it and BA's crews derided the rebranded fleet as "Air Zulu". What was worse, surveys showed that BA's most prized customer base, those regulars flying the transatlantic route, detested it. In 2008, with around half the fleet converted to "World Tails", the whole idea was scrapped and the flag was restored.

Despite the controversy, the huge publicity and the bright, strikingly innovative and original designs that were produced on aircraft after aircraft excited Didier, who had been painting and sculpting since he was a boy. He saw that a visionary designer could produce tremendous liveries for luxury jets if they could master the difficult art of producing paint schemes for the complex three dimensional objects that go to make up the surfaces of a jet.

"These were very culturally specific designs and some of them were very complicated and eye catching. For me, the whole BA rebranding exercise

"These were very culturally specific designs and some of them were very complicated and eye catching."





was a fantastic idea and it was the starting point of my reflections on what could be done with private jet liveries. I thought to myself that while it was a great idea to put a big design rather than a corporate logo on the aircraft tail, it would be much more exciting to do a design for the whole aircraft, not just the tail,” Wolff recalls.

“In 1998 I started working on designs by hand and then started to translate my vision onto 3D models with the help of a PC and some software called VUE Esprit. I knew nothing about the aviation industry at the time, but the challenge of producing great designs on such beautiful objects excited me. In 2008 I decided to sell my small flat in Paris and to set up my own design studio,” he explains.

Wolff decided to go the 2009 Dubai Air Show and to show his designs to as many people in the industry as he could. “The Middle East culture and Dubai are both very open to new ideas. A year earlier I had gone to the Paris Air Show and everyone simply smiled at my ideas. The feedback I got from Dubai was so much more positive. It was confirmation that my vision was going to work,” he comments.

He kept meeting people from the industry and building up his network in the sector. “I realised that you could not be entirely alone in this industry if you wanted to succeed. You have to network and communicate. So I hired an executive manager to help me communicate with this new world.”

In 2010 at EBACE, Wolff met his first serious customer. “The design was for a TBM 850 turboprop, for the 100th Anniversary of Daher-Socata. After that, my schedule really started to fill up. Olivier Dassault, for example, called me to ask me to do a design on his Falcon 10. I was also very interested by the Rafale fighter. I met some people from NATO and a few months later I was commissioned to do a design for a Mirage 2000C.”



“In 2011 I delivered designs on two Rafale fighter aircraft for a French squadron, commemorating the squadron passing the 30,000th flight hour mark. That was an excellent task for me!” he notes. This was followed by projects for cargo aircraft and for luxury jets. Wolff also began a partnership with Brabus, which specialises in interior and exterior enhancements for luxury cars.

“They wanted to take their automobile interiors completion knowledge into the aviation world, specialising in helicopters and luxury jets. That was a great springboard for me to get deeper into that world,” Wolff says. He became the official livery designer for Brabus for general aviation.

As well as designing, Wolff also takes a great deal of pride in supervising the application of his design onto the customer’s aircraft or helicopter. “This is the second arm of my business and it is a part that I really enjoy. You cannot just leave the design application to the paint shop. So I act as the ambassador to the paint shop on behalf of my customer. I have to convince the paint shop team to accept me and to be confident in what I want, to bring them with me into the project. I do my best to transmit my energy and my enthusiasm into the project,” he says.

“It is certainly true for me that when someone is very confident and believes in your work to that extent, it really gives me wings and lets me soar.”

His most complex project ever was for a Global 5000. The aircraft is now something of style icon. The livery consists of 100 vertical lines with a triple gradient, spreading evenly all the way along the fuselage. “It took between three weeks and a month to complete the application, with 25 painters working in three shifts. In my view it is still the most complex livery ever applied to an aircraft,” he says.

One of his favourite projects so far was for a customer who called him and said: “Didier, do what you want with the aircraft. I don’t want to be bothered at each step of the process. Don’t send me interim images. I just want to see the finished job”.

“It is certainly true for me that when someone is very confident and believes in your work to that extent, it really gives me wings and lets me soar,” he comments.

One of the customers who visited him on his booth in Dubai back in 2009 commissioned him to work on a livery for a

Zeppelin. “I have been working on this Zeppelin for the past eight years. It is scheduled to fly at the Universal Exhibition in Dubai in 2020. That has been a tremendous project and now we are just waiting for the final validation from the Dubai Government.

Wolff does not have a partnership with any specific paint manufacturer, but he has a particularly high regard for AkzoNobel’s products. “When I compare paint manufacturers and the paint quality, without a doubt the most beautiful aircraft liveries I have produced were painted with AkzoNobel paints. I speak with a lot of painters and a big majority of them prefer to work with AkzoNobel because they feel more comfortable with it. They find it easier to apply and it has tremendous lasting qualities.”


“I absolutely get the right impact from it and what is very helpful for my process, AkzoNobel send me thousands and thousands of samples. I have a stock of colours, from solids through to all kinds of metallic and pearl. It is like the cave of Ali Baba. From the very beginning AkzoNobel have believed in me and supported me. If I need a very special colour, something that a customer really loves on some object in his house or car that he wants repeated on his jet, I can send an example to AkzoNobel. They do a full spectrum analysis and send me back paint that is the exact colour in the sample. So when I next talk to the client, I have the actual sample on the table, not just a theory, and that goes down very well.” |BAM





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PROFILE: TYROLEAN JET SERVICES

Martin Lener, CEO, Tyrolean Jet Services, talks to Anthony Harrington

As well as being one of the nicest people in the industry, Martin Lener, CEO of Tyrolean Jet Services, has the refreshing habit of always telling things as they are, while remaining impeccably polite. He is constitutionally averse to hype, and in his view, the business aviation sector has a strong tendency to allow hope rather than reality to inform its view of the world.

Q: How much do you think the industry is suffering from overcapacity right now?

A: It is undeniable that this industry is very driven by wishful thinking. We saw this especially in the years from 2005 to the 2008 global financial crash, and now we have overcapacity building up again. There are just so many business jets available on the market and there are tremendous bargains in the pre-owned market. So as the economy has slowly begun to recover, a number of people who used to charter have gone on to own their own aircraft. This has affected both our clients and the client base of other charter operators. Whether this trend can be offset by new people starting to fly private remains to be seen.

The sheer number of jets on the market and their low rate of utilization creates imbalances. The strategic impact of this on the market is to depress charter rates. You can now find the hourly charge on a typical long range jet such as a Global or a Gulfstream G550, all in, to be around \$6,000 to \$7,000 an hour. If you go back to 2008, that same type of jet would have cost \$11,000 to \$12,000 an hour in Europe.

That is a very significant cut in revenue that we all have to manage. Moreover, that is not the end of it. Fuel prices have come down significantly, which has helped, but just before the price of oil crashed, around 2014, the price of fuel

was around \$2,000 an hour, up from \$1,000 in 2008. Other costs, such as wages, have also moved on at the same time that revenues have shrunk.

Q: I get that the balance between costs and revenues is getting tougher, but the charter market is changing in other ways too, is it not?

A: In the early days of the charter market, people had to put in years to gain a deep understanding of the market. Today the charter market is online and the knowledge base that was difficult to acquire 15 to 20 years ago, is now instantly available on your smart phone. There are so many “bedroom brokers” in the business, one-person operations with extremely low overheads, competing against well established broking companies and the operator’s charter sales team, which also makes it difficult. And of course, the online platforms are changing the business fundamentally by enabling the customer to be their own broker.

For our part, we are not trying to be conservative and to wish for a past state of affairs. We are open to new technologies. We were an early subscriber to Avinode’s and Strataget’s platform and we look at all the other online platforms to try to gauge how they can help us, and where they might hurt us. We have a very modern approach to the business and a belief in new media, which we try to use to our advantage.

In business you have to adapt to the market and we have achieved this and continue to do so. We sell time on

very demanding jets. But the degree of change in the market is dramatic and that is challenging. We need to be constantly alert for new opportunities to sell.

Q: How much restructuring do you see taking place in the charter market as a result of the various pressures, both economic and through new technology?

A: It is not exactly a new thought to say that the charter market continues to be tough, at least in Europe. There is a lot of coming and going of charter brokers, a lot of restructuring. The OEMs are still behind expectations in terms of the numbers of new aircraft they are selling.

We, for our part, have just taken on the management of an aircraft from an operator that went bankrupt. Owners tend not to appreciate how difficult it can be to get their aircraft out the hands of the liquidator if the aircraft management company they are with goes into receivership. There is always going to be a sharp conflict of views on how much cash is owing. We had a real struggle getting the aircraft clear of that mess for the owner. I would not be surprised to see this kind of thing happening a lot more. So owners really need to look hard at the financial stability of the company they select to manage their aircraft.

Q: What do you see by way of improvement in the overall economic environment?

A: Undoubtedly the perspective is better in the USA, but Asia, Russia and the CIS are all struggling. The industry expects a lot from the Trump Presidency, but we have to see how Trump's business policies work out in practice.

Overall, this is a very highly regulated, but also a very fragmented industry, with too many aircraft, too many operators, too many ground handling companies and so on, while clients are in short supply. There are also far too many aircraft types. If you look at maintenance, a Part 145 repair station needs so many different licenses if it wants to cater for a broad market.

What we need, particularly on the aircraft management side, is for owners to do their due diligence properly. They learn, but it is a very slow process. We had a client who approached us three years ago, for example. We prepared a very clear and honest proposal, but they went elsewhere and then they discovered that a dishonest operator has so many opportunities for additional charges that are never reflected in their original proposal – the one they won the business on.

We include many services in the management fee that some other operators charge separately for. It can take a new owner a few years to realise that the headline price can be

very different to what they actually end up paying. The client I mentioned came back to us in the end and now they see how much they were being overcharged on what they thought was going to be a cheaper contract.

Q: How many aircraft do you have under management presently?

A: TJS now has 12 aircraft that it manages as part of its charter fleet. These include ACJs, Globals 550s and 650s plus a Falcon 900, with very few smaller aircraft. We manage some more aircraft that the owners do not charter out.

Q: What do you think is achievable in Europe in terms of charter hours per year for an owner's aircraft?

A: So much depends on both the aircraft and on whether the owner is prepared to release it for charter as its primary purpose and just use it when it is not flying charter. If you take a G650, that is a very expensive aircraft for which an owner deserves an appropriate hourly rate, so getting a large number of hours would be difficult. With a 550 or a Global Express, with a proper release from the owner you could achieve 500 hours a year at a reasonable rate.

Some operators really buy charter hours because they undercut the market extensively. That looks good in terms of number of hours flown, but the return for the owner is not so good.

Q: Is it feasible for an owner to offset most or all of the operating costs of the aircraft through charter?

A: Again, it depends on how much or how little the owner wants to use the aircraft for himself. But we have an example where we have achieved turnover that, except for financing and depreciation, covers all other fixed and variable costs. This aircraft was available more or less exclusively for charter.

Q: How much larger can TJS grow and retain its reputation for a personal level of service?

A: To keep a "family office" approach, you couldn't look to double our existing fleet. We could probably digest another 10 aircraft, but not that much more. We are often approached by owners precisely because they like the size we are, and know that they will get a personal service from us. However, of course, the larger you are, the more you can leverage economies of scale. So it is always a balancing act between the two extremes. **BAM**





IDAIR

IDAIR — BETTER TOGETHER!

Dr. Wassef Ayadi and Alan Cumming, Managing Directors of IDAIR, talk to Anthony Harrington about the JV between Lufthansa Technik and Panasonic Avionics

Established in April 2011, IDAIR is a joint venture (JV) between Lufthansa Technik AG and Panasonic Avionics Corporation, with the aim of developing and manufacturing Inflight Entertainment (IFE), Communications and Cabin Management Systems (CMS) for VIP aircraft as well as custom products for VIP and commercial operators.

Q: How did the joint venture between Panasonic and Lufthansa come about?

A: Panasonic Avionics and Lufthansa Technik have always had a very close relationship ranging, for example, from partnering in specific projects on commercial airlines to providing product and services on aircraft fitted by Lufthansa Technik. Both companies have themselves in the past, before IDAIR was created, delved into the VVIP market on a standalone basis and collaborated with each other on various projects. IDAIR was the natural outcome of a long-term partnership and the realisation that together a much stronger and greater product could be created to serve the industry.



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Both parties bring their own specialities to the table. Panasonic has a strong R&D capability, which creates many interesting opportunities for the VVIP arena. Add to this an excellent platform for the enabling of multimedia distribution, worldwide connectivity services and offerings and a global support infrastructure embellishing the whole experience and sense of confidence that our customers enjoy. Lufthansa Technik with its Original Equipment Innovation (OEI) group has mastered the market via their system and product philosophy with excellent cabin management and entertainment offerings, which is perfectly adaptable in the VVIP arena catering to the needs of our customers. Together the systems that are created, the products and services on board, in the air and on ground that can be offered are second to none.

The JV focuses on wide and narrow body aircraft ranging from Boeing 737 BBJ, Airbus Corporate Jets through to larger aircraft such as the 747-8. We have already supplied systems to several B747-8's and B787's. The first A350's are also appearing on the horizon.

Q: How does the JV work in practice?

A: IDAIR is an independent company that calls upon the resources and expertise of both of its shareholders to provide the solutions defined by IDAIR for its customers. IDAIR integrates and manages the delivery of programs in collaboration with its shareholders and various other suppliers to provide the perfect solution. Over the past 5 years the JV has added to the knowledge and experience of the shareholders in the VIP market.

“We work very closely with major completion houses capable of handling larger aircraft. This has to be a very strong working relationship because that is the only way we are both together going to be able to meet the very high expectations and exacting standards of our client base, which is one of the most sophisticated and demanding in the world.”

Q: How are things in the market right now?

A: As anyone involved in aircraft completions knows, the market is steady but not bursting at the seams with opportunity upon opportunity and as such the market itself is a very competitive area right now. Considering this, IDAIR feels it has established itself well and we are working on strategies to keep moving with the market. During the second half of 2016, we did see a little more movement in the market, real signs of activity that we regard as positive for the period ahead.

Moreover, and not just related to the VVIP market, the trend spanning business aviation, from smaller jets right up to 787s, is for customers to want the same kind of connectivity and broadband experiences to those they enjoy at home. So we would say that we are really the beneficiaries of this trend to “get connected”. Customers and operators are both looking for better connectivity solutions, and our strongpoint is being able to provide them with turnkey system solutions integrating perfectly any combination of our portfolio of IFE, Communications and CMS.

Another trend that is working well for us is that some customers are clearly decided in the current market that their best plan is to retain their existing aircraft. But, of course, they want it modernised as much as possible. So retrofitting IFE, Communications and CMS for older generations of wide body aircraft is proving to be a very popular choice with the possibilities of minimum cabin intrusion whilst maximising the results. It is certainly the case that many of our existing customers have told us that they are delaying ordering their next aircraft and have instead decided to retrofit new technology onto their current aircraft.

Q: Does most of your business come through word of mouth?

A: As mentioned, we work very closely with major completion houses capable of handling larger aircraft. This has to be a very strong working relationship because that is the only way we are both together going to be able to meet the very high expectations and exacting standards of our client base, which is one of the most sophisticated and demanding in the world.

Right now the JV is in a very healthy state and we have only recently finished implementing a number of steps designed to further improve our performance. This is a market that has very high expectations when it comes to responsiveness and your delivery capabilities on completions projects. The processes we have put in place enable us to be sure that we deliver on time and exceed our customer's expectations.

We work very hard on pushing the design envelope and are constantly looking to improve both the visual and the auditory experience as well as perfecting the support for the client. The IDAIR graphical user interface, for example, is highly intuitive to use and very simple. Along with the highest standards of equipment integration and the latest technologies, this enables us to provide our customers with a superior experience when it comes to IFE, Communications and CMS. |BAM

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SA Executive Handling AS



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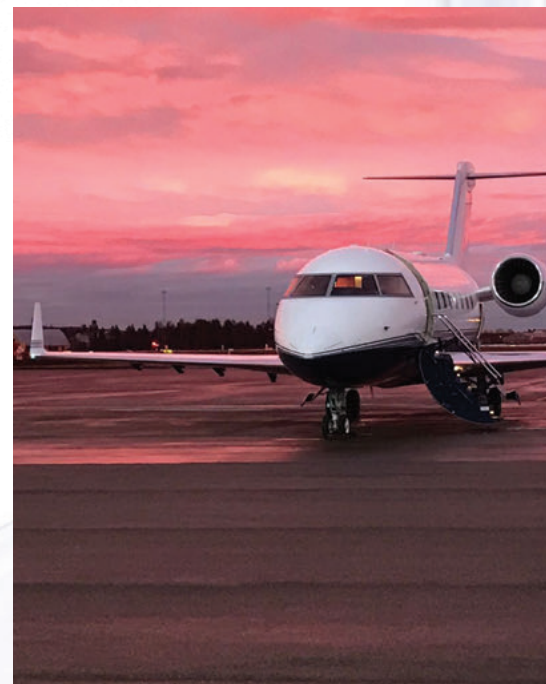
Erik Nordby, Managing Director of the Norwegian FBO and aircraft handling company, Sundt Air Executive Handling, was always destined for a career in aviation. His father had a lifetime of experience in aviation and as a boy aviation was an everyday part of life for him. When, in 1998 Oslo's Gardermoen Airport opened and Executive Airport Services launched an FBO, Nordby became its first employee. Sundt Air Executive Handling took over the FBO in 2004.

Oslo Airport is the main international airport in Norway and in 2016 some 26 million passengers travelled through the airport. However, travellers on private and corporate jets arriving at SA Executive Handling's FBO need not be concerned about whether or not the main airport

terminal is crowded or how fast or slow the queue moves through security. SA Executive Handling's FBO has its own customs and immigration control, with officers present to clear travellers with a minimum of delay.

"Typically, it takes a maximum of fifteen minutes from the moment your car arrives at our FBO parking lot, to you taking your seat on the aircraft, with your baggage carefully stowed for you. The same is true for passengers arriving at our FBO. They can be on their way to downtown Oslo within fifteen minutes or less of leaving the aircraft."

The airport itself is around a 30-40 minute drive from downtown Oslo, traffic permitting. In rush hour, Oslo's traffic can be pretty frustrating and that forty-minute trip could easily take an hour and



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twenty minutes, or more. So, a little advance planning as to the time of your arrival can really pay dividends.

Nordby points out that SA Executive Handling partners with several limousine companies that have ministerial clearance and a security rating that enables them to transport Heads of State.

“They are very professional and dependable people and have provided an excellent service for our many clients over the years. As for our own staff, our entire team is very experienced. We recruit very talented individuals for our customer relations team. They all have many years of either commercial or private aviation experience as well as military and hotel management. Everyone comes from a service-minded background and is well able to work to the exacting standards that our clients expect,” he says.

“We are now not far off our 20th Anniversary at our Oslo FBO and in 2014 we opened up a second FBO at Stavanger, Norway’s third busiest airport,” Nordby explains. Stavanger airport supports Norway’s offshore North Sea installations and has a good deal of both fixed-wing and helicopter traffic. It had over 85,000 aircraft movements and served some 4.5 million passengers in 2015, the latest year for which figures are available.

Nordby explains that SA Executive Handling is in the process of building a brand new facility to house the Stavanger FBO. When complete, it will provide the same customs and immigration facilities that are available at the company’s Oslo FBO. “Customs have a link in to our flight system and we report our daily flight program to them, so they are able to provide customs inspectors as needed,” he comments.

The Oslo FBO is a first class facility, with a large, well appointed arrivals and departures lounge and a second, elegant meeting area that also serves as a VIP lounge. There is a crew lounge with comfortable chairs that can recline to provide a rest area for crew members. Wide screen TV and Play Stations provide entertainment. There is free wi-fi

and complimentary snacks, tea and coffee and soft drinks for clients and crew who wish to take a break and freshen up before they journey in to Oslo.

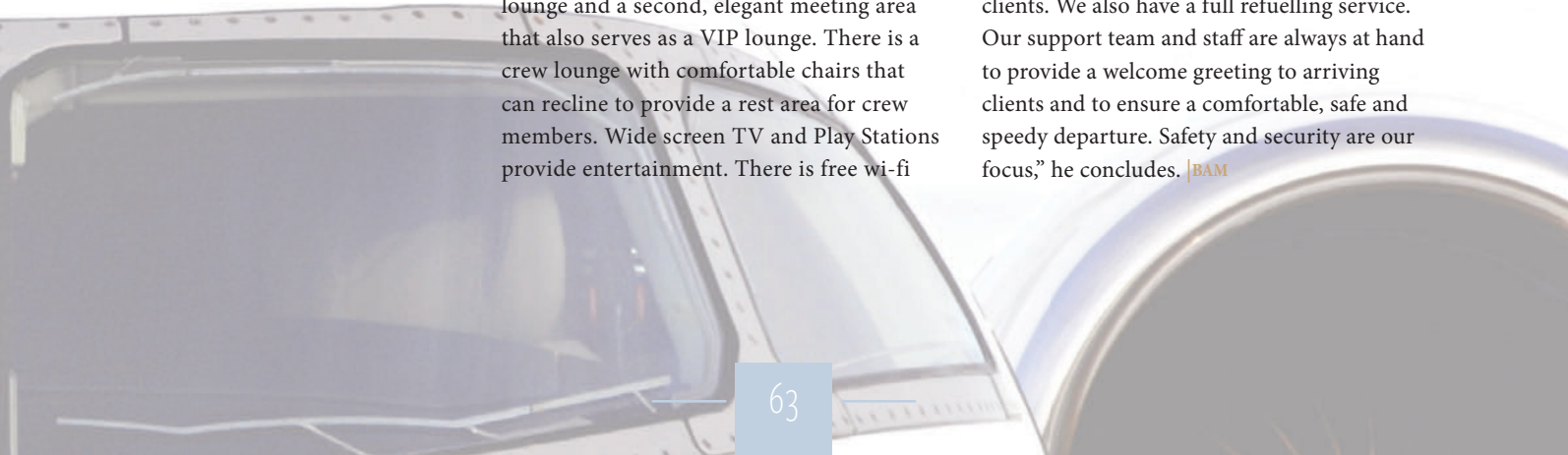
“We provide a full concierge service for passengers and crew. We have negotiated some great discounts with some of Oslo’s finest hotels and our client services team are very happy to make all the arrangements to ensure a comfortable stay in Oslo for our clients,” Nordby says.

SA Executive Handling provides a full range of aircraft handling and ground handling services, including de-icing, cleaning, towing, parking, fuelling and hangarage.

Another great strength of the company is its line maintenance MRO capabilities. “We have a very big technical department and operate a NATA Safety First Certified Line Service. We provide a range of maintenance, trouble shooting and support services for a wide range of aircraft each year. We do regular maintenance on Beechcraft, Citations, Falcons, Global Expresses, Gulfstreams and Challengers. Our technicians are very professional and pride themselves on providing a first class service,” he notes.

“Our catering in Oslo is provided by Satay Catering, where the chefs have received Cordon Bleu certification. It provides gourmet meals for our business jet passengers and is very well thought of by everyone who uses its services,” Nordby says. In Stavanger the company uses another great caterer, Déjà vu, who also provides high quality VIP catering.

Both FBOs operate on a 24 x 7 basis and welcome jets arriving at short notice. “We have our own ramp service but we are very close to the airport so our response time is very quick and we are always available to clients. We also have a full refuelling service. Our support team and staff are always at hand to provide a welcome greeting to arriving clients and to ensure a comfortable, safe and speedy departure. Safety and security are our focus,” he concludes. [BAM](#)



ACCESSORIES TURN GOOD INTO SUPERB

Dahlgren Duck CEO Scott Ritter talks to BAM

Dahlgren Duck & Associates (DDA) CEO Scott Ritter likes to describe what the company does for its clients by pointing out that if you could lift a business jet by the tail and give it a good shake, all the bits that fell out would be instances of what his team has had designed or otherwise procured for the company's exclusive clientele.

Q: Dahlgren Duck describes itself as “a strategic partner in luxury”, which has to be a unique designation. What exactly does it mean?

A: Pretty much what it says. It is not easy as a private individual to find the crafts specialists who can take an idea you have for, say, a silver or gold statue to grace the bedroom or lounge, on your private jet, to a wonderful, finished piece of art. And even if you can find them, getting a slot on their busy production schedule that matches the time frame involved in completing your aircraft, can be next to impossible.

If you sit down, instead, with one of our specialists, they will help you to articulate exactly what your vision is for the statue, including having sketches made and a 3D computer-aided rendering. Then, because we have long established relationships with a range of goldsmiths, silversmiths and other crafts people, and because we put a lot of work through

them every year, we can get a slot in their production schedule that would be very difficult to achieve, or exorbitantly expensive, for a private citizen.

Q: Put like that it sounds easy, but I imagine that building up those relationships has taken a great deal of time and effort. Let's talk about the way the company got started...

A: The company was founded in 1980 by Jim Dahlgren, and he was joined by his long-standing friend, Allan Duck, in 1983. The primary focus then was private aviation, where the two sought to procure a whole range of custom and standard amenities for buyers of private jets. Everything from linen, cutlery and glassware, through to luxury items. Their customers were people spending tens of millions of dollars, who wanted the same level of luxury in their private jets that they enjoyed in their homes or on their yachts.

DDA also formed relationships with the major OEMs, who they helped to refurbish business jets. The OEM had the ability to do an excellent completions job, but they still needed all the amenities to hand over a fully furnished jet to the owner, complete with all the lifestyle amenities, including throws, tapestries, cushions and anything else that might be required. The top fractional providers in the industry also found it to be a very useful service and continue to be key accounts for the company.



“We have long established relationships with a range of goldsmiths, silversmiths and other crafts people, and because we put a lot of work through them every year, we can get a slot in their production schedule that would be very difficult to achieve, or exorbitantly expensive, for a private citizen.”

Within a few years, the company was providing the add-on amenities for around 70% of the business jets market, and this has continued to be a very strong market for us ever since. Then, about six years later, in the early 1990s, we found that a lot of the people we were helping to furnish their business jets, were also involved in a range of other projects that required a whole host of standard and designer items to be purchased. They may have bought a super yacht, for example, or have moved house and wanted it kitted out, or in some instances, they were acquiring or building hotels or luxury resorts that they wanted us to help with.

They would come to us and say something like: “Our management company is investing in a new chain of hotels or restaurants, could you help?”

Q: How much actual manufacturing were you doing and how much were you procuring from well-established suppliers?

A: We do not manufacture ourselves. We have manufacturing partners in a number of countries. About 90% of our manufacturing is done in Europe. This has proved very beneficial given the strength of the dollar versus the euro, since we import just about everything back into the United States.

The ability to export Continental designer skills and artifacts to the US has played very well for us across all our divisions, hotels, business aviation, and restaurants included. We have been particularly successful in bringing European styles and designs back into the US restaurant business, for example, and have helped owners of US restaurant chains to produce a very distinctive, unique and up-market feel to their restaurants.

We have also had very successful partnerships with the major hotel chains, such as St. Regis and the Four Seasons, where we help them with all or many of the items they need when they are outfitting a new hotel.

Then, from the early 2000s onwards, the idea of shared ownership of luxury properties really took off in the USA, and we have a very strong and successful business line helping developers of luxury resorts finish and kit out their

latest projects. We have now acquired accessories for some 400 homes, each of which are worth around \$2 million and up.

So there is a common thread here to all our business lines. When the demographic that buys business jets started buying into the luxury real estate market and started buying shares in luxury holiday villas around the world, we were extremely well placed to help. We could help the developer identify what kinds of amenities would suit well in the property, in the light of the kinds of people they expected to buy-in. We had a huge growth spurt in the company taking advantage of this trend.

Then in 2012, a group of investors approached the founders. They raised a significant amount of capital and bought out Jim Dahlgren and Allan Duck, who nevertheless retained their position as founders of the company. Their main role now is helping us to develop our strategic relationships and to provide advice on our product development.

Q: So a large part of what you do is not just procuring a range of products, but ensuring that everything fits together with the interior design concept that is unique to each particular project, be it a private jet or a hotel?

A: Absolutely. The interior design element is key for us. Clients use us as much for design consultancy as they do for the actual procurement. We manage their entire inventory and we bring getting on for forty years of experience in luxury goods and art piece procurement and inventory management to bear on every project we tackle. |BAM



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ROLLS-ROYCE

Creating a legend

In 1998 one of the most famous names in motoring, Rolls-Royce Motorcars, was acquired by BMW for £340 million, despite intense competition from Volkswagen. It also passionately wanted the marque, and at one point, thought it had secured it. Today, the company is deep into the testing process for the Phantom 8, its flagship successor to the hugely successful Phantom 7 and has had outstanding success in taking the marque to a whole new generation of owners. It is now unquestionably back at the top of the world's luxury car brands.

The road to this point, however, has not been straightforward. When, in 1998, Volkswagen bought the Rolls-Royce assembly plant at Crewe, which also made Bentley motor cars, it looked like Volkswagen had beaten BMW in the bidding war for Rolls. However, Volkswagen's due diligence on the deal proved fatally flawed and it transpired that the Rolls-Royce marque, both the name and the logo, resided with the car maker's original parent, Vickers, which Volkswagen, of course, had not acquired. This left it with the right to manufacture Bentleys at Crewe, but not anything calling itself a Rolls-Royce.

There followed a historic meeting between the Rolls-Royce Chairman at the time, Sir Ralph Robins, and BMW's Chairman. BMW had been providing the engines for Rolls-Royce Motor Cars and Sir Ralph was very keen for BMW to take on the task

of restoring the Rolls-Royce marque to its former glory after what had been a fairly torrid few years.

James Warren, Head of Communications at Rolls-Royce Motor Cars, points out that the deal left BMW with a mountain to climb. It had the marque, but it had neither a viable design, nor the factory, nor the skilled work force it needed to build a super-luxury car worthy of taking the brand forward.

"The superficially logical thing to do would have been to look around the Crewe region or the North East, which has a long history of vehicle manufacturing, and the trained labour force to go with it. But what the BMW leadership at the time realised was that the *skills-base* we wanted was very different to the technical base you need to build conventional automobiles," he says.

The parallel to the kind of hand-built, super-luxury interior BMW had in mind for their new Rolls-Royce lay in the super yacht world, with craftsmen who knew how to work with wood and leather to achieve that kind of standard and quality. "With that in mind, being in a region with a well developed industrial *skills-base* did not look that relevant. If you look around the UK for the *skills-base* to do hand build luxury interiors, then the South Coast comes to mind. Portsmouth and Southampton has the coach building, super



yacht experience so that was where BMW started looking for a factory site,” Warren explains.

Lord Marsh, the Earl of Richmond, and a motor sports enthusiast who launched the highly successful, long running Festival of Speed at Goodwood, said he would make a little land available on the estate for a factory. “In 1998, going into 1999, it was still possible to get a deal done relatively quickly. Imagine trying to get planning permission today to build a car factory in the middle of an area of outstanding natural beauty, right on the edge of what was about to be a national park,” Warren comments.

Rolls-Royce Motors commissioned Sir Nicholas Grimshaw, the architect responsible for London’s Waterloo International railway station and the Eden Project in Cornwall, to design a factory that could not be seen from the road. “Sir Nicholas used a variety of features to ensure the building had a very low environmental impact. Lakes were used as heat sinks and tens of thousands of trees and shrubs were planted and Rolls-Royce had its purpose built, bespoke factory environment tailor made for hand built motor cars,” he notes.

With the factory complete, Rolls-Royce Motorcars could finally start to appreciate that the way things had turned out had resulted in a real win for the company. “At a stroke we

were free of all the impediments that come when you try to build a new vehicle in an existing factory. Everything was built to purpose and the building itself was very modern and very quiet. We broke ground on it in 1999 and it was finished on the stroke of midnight on 31st December 2002.

“Production started at that moment on the Phantom Seven. Now, looking back 14 years it is impossible to conceive of a more important car for Rolls-Royce. For a few years before that, during the troubled period when Rolls-Royce Aero Engines was losing money on its new developments, we’d been making cars that had undeniably slipped from the status of “the world’s best car”. The Phantom 7 won that coveted label back for us.”

“As the new custodian of the Rolls-Royce marque, BMW had to come out with a very bold statement that redefined the concept of luxury motoring, and by common consent right across the motoring media, the Phantom 7 did that, hands down,” Warren recalls.

The Phantom 7 had something of a traditional look to it, but the engine and the frame were all cutting edge technology. “A very under-rated quality with Rolls-Royce is the way we have always been early adopters of innovation, right back to 1913. We utilize every possible modern sensor. The suspension is

“Black Badge, a slightly more dynamic, aesthetically bold incarnation, is a bespoke series version of Ghost and Wraith, targeting a younger demographic.”

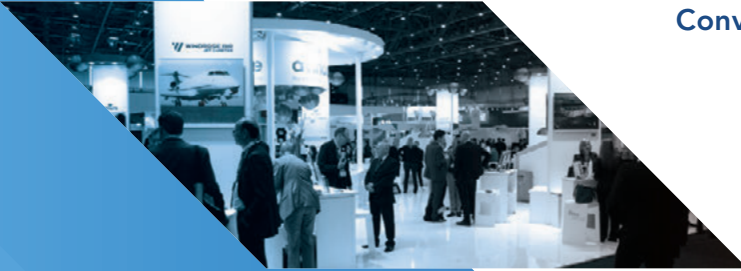


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One of Rolls-Royce Motor Cars' great successes has been to widen the appeal beyond the 50+ demographic that had characterised Rolls-Royce drivers

so sensitive that it makes several million calculations a second to ensure a totally stable ride. If the driver shifts from one buttock to the other the suspension makes a minute adjustment.”

“The technology sits there like a kindly valet, doing all the work for you,” he points out. This is the total antithesis of the modern “luxury” car where you are battling with buttons and levers to get your seat into the shape that best suits you.

The first Phantom 7 was hand built by 300 people. The factory now has a workforce of 1,700, with the original craftsmen serving as the teachers of the next generation.

There is a hiatus in the Phantom production line at present, with the Phantom 8 still under wraps, but Warren points out that the company still has a range of models other than the Phantom for discerning drivers to choose from. “We have Wraith, the two door coupe, and Dawn, a Rolls-Royce convertible, plus Ghost, the entrepreneur’s ultimate luxury limousine.

“We also have Black Badge, a slightly more dynamic, aesthetically bold incarnation, which we introduced in March 2016. It is a bespoke series version of Ghost and Wraith, targeting a younger demographic,” Warren explains. One of Rolls-Royce Motor Cars’ great successes has been to widen the appeal beyond the 50+ demographic that had characterised Rolls-Royce drivers.

Warren points out that it is very hard to come up with an average price for a Rolls. When the Phantom 7 appeared the basic price started somewhere around £320,000, and is now around £1 million. But the vehicles, as one might expect with a hand built car, are heavily bespoke to meet the client’s wishes and requirements. “We’ve done everything you can think of to the exterior and the interior, including embossing diamonds onto the dashboard and producing a refrigerated boot for champagne lovers. It is all about understanding the customer’s lifestyle and producing a car that fits their style exactly,” he concludes. **BAM**





LUXURY AS A BRAND!

Jane Stanbury, BAM's Global Luxury Correspondent, talks to Anthony McDonald, founder and CEO of Bespoke Hospitality Management Asia

Q: What led to you launching the X2 brand in Thailand?

A: I came to Thailand 27 years ago to support the business development of Land Rover and Mini. I then got involved working with several international and Thai companies before developing the hospitality business, Bespoke Hospitality Management Asia. This was a business that my wife, Ms Kaewaji Phaoenchoke, and I invested in, launched, and now run together. My background is the commercial sector, hers is real estate, so the combination provided a strong foundation on which to build a hospitality business.

I believe that it is a real benefit to have a deep knowledge of the culture within which you operate, so being a long-time resident here has been very beneficial. Our understanding of how Thai businesses operate, as well as how the international economy works has been essential to our growth. We now have a team of 35 in our Bangkok head office and we are confident we will continue to scale the business upwards.

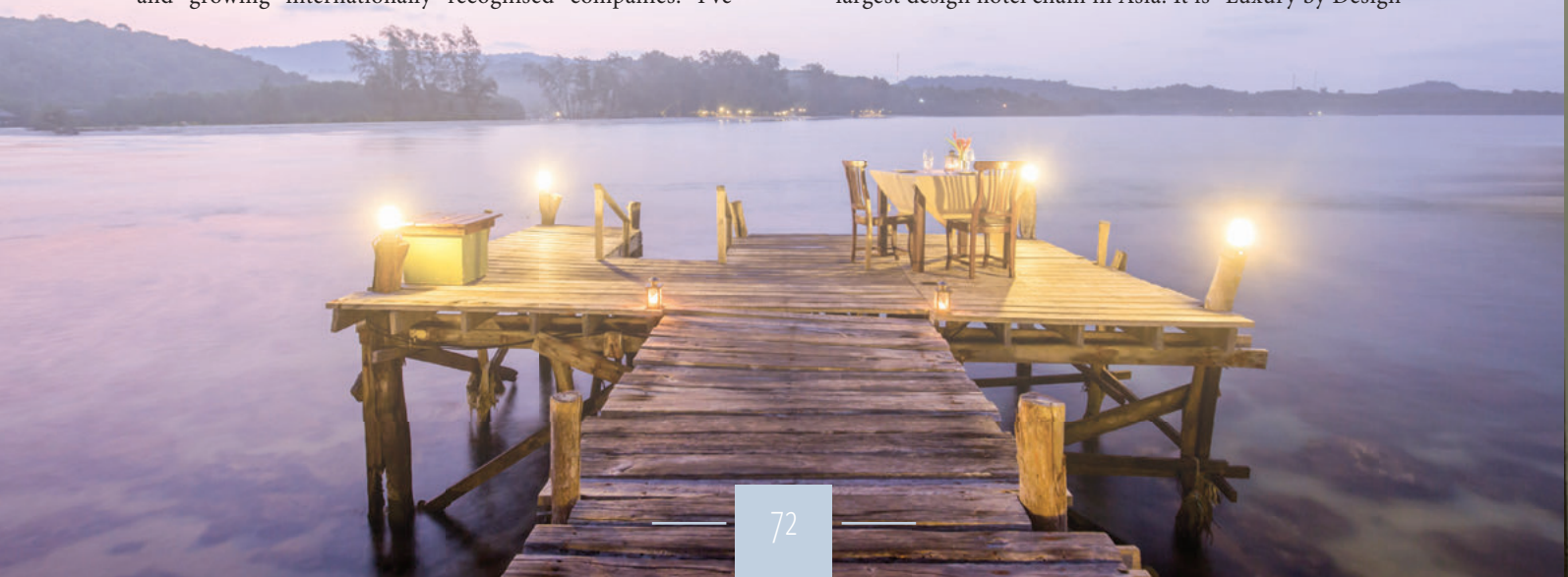
Q: What led you to creating Bespoke Hospitality Management Asia?

A: Many of my roles in the past have related to founding and growing internationally recognised companies. I've

specialised in creating feasibility studies for new business; worked on financial planning; generated funding; sourced properties for business and been involved in evaluation and acquisition; as well as hotel and resort design. I didn't plan to be a hotel operator but over the years I began to receive requests from various hotel owners who recognised that this combination of experience offers them practical and bespoke solutions to help them bring their visions to reality. So, that's how I became involved.

Q: What encouraged you to develop the X2 brand?

A: I felt like I was plodding along working on various hotel projects as part of the Bespoke Hospitality Management Business when I had that 'light bulb' moment. We recognised that travellers wanted something more than the traditional luxury offering and that they'd become disillusioned with some of the over-the-top lavish opulence. This is where we started to define X2 – pronounced 'Cross-to' - as not just a name, but a way of experiencing life and travel. The idea was to encourage high net worth travellers to 'Cross to' another way of travelling, luxurious but with a real life-style feel! It began as a life-style built around design hotels and is now the largest design hotel chain in Asia. It is "Luxury by Design"





“ I believe that it is a real benefit to have a deep knowledge of the culture within which you operate, so being a long-time resident here has been very beneficial.”



Our management understands that the twenty-first century luxury traveller identifies not just with a lifestyle, but with experiential, authentic travel, and wants to be treated honestly and transparently. That is the vision for the business to create a brand that combines the lifestyle aspirations of the clients and the culture of the destination to deliver an authentic, complete experience that provides a sense of place, whilst satisfying the needs of the client. X2 guests like to explore and take the roads less travelled but to do so in stylish luxury.

Q: How are you maximising the brand to best effect?

A: We recognised it was a brand that we could easily transfer across a wider product range than just hotels. That is when we started to develop the extended business which incorporates not just the properties but luxury yachts, our private jet offering, and our private residences. It even extends to our transfers between these options, whether that be by helicopter, car or river boat. It really is about creating that luxurious end-to-end experience for our extremely discerning, wealthy client base.

We developed the X2 concept over a period of time and opened our first property, X2 Kui Buri resort, on 5 December 2007. As we started to open more properties we learned that guests, business partners and friends, all loved the brand. They said that they found it sexy, exciting and different. The market reacted incredibly well to it and we thought, if we've created a brand, within the region, that is so well liked, why not expand it. Why constrict our vision to just hotels? Let's broaden it and make the brand all about hospitality.

In the process, we've branded everything from our water to our coffee. Our restaurants and bars are all called 4k, pronounced 'Fork' and they are a sub-brand within X2. We decided to look at a full 360 view to create a brand we could use for related businesses, not just accommodation. It also made us think about looking further afield too.

Q: So, what is the vision for the X2 brand and how are you fulfilling it?

A: Kui Buri and Koh Samui were the first two X2 resorts we launched and from there we defined what other hospitality offerings we could bring inside the X2 brand. We felt the concept of design and lifestyle didn't really exist in the region. Yes, there were all the traditional palm tree resorts which are appealing, but we wanted to create our own space, a collection of design hotels that were not run of the mill and that were defined by this difference.

The business strategy was to deliver luxury in a different sense to a newly wealthy clientele looking for a distinct definition of luxury that not only delivered the expected details but also redefined the space in which they lodge. We wanted our clients to cross a bridge from the traditional luxury hospitality sector to our brand. It's all about space, blending with nature, exclusivity and privacy. The privacy is essential and most of our properties feature private pool villas at the exclusive resorts. That is the DNA of our brand and it has struck a chord with our client base.

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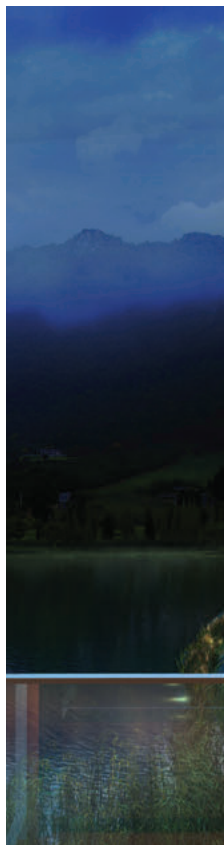
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“Our objective is to keep growing and to grow in the region not just Thailand. There are plans to add half a dozen more projects, hotels and villas, in Vietnam, Indonesia, Malaysia, Philippines, and Sri Lanka. It’s a very exciting time for X2.”





Q: How is business for you today – is it going as you expected?

A: It's going well actually. We have a real mix of clients which reflects the growing number of wealthy South East Asian travellers. Thailand itself is consistently ranked high in many of the tourism surveys and the demographics of the visitors have changed in recent years with many more Chinese and local regional travellers now visiting the nation. We are tapping into that newly wealthy Asian market.

We have built up an impressive network of connections in the region and that has also been the springboard for our customer base, so I'd say we are more weighted to attracting regional customers. However, we see this region as offering enormous potential as travellers from neighbouring countries are attracted to our specific lifestyle brand.

We also recognise that Thailand is a truly global destination and as such we are beginning to reach out more and more to international audiences. We're forming relationships with leading luxury travel operators and are beginning to attend the dedicated luxury travel markets, such as the International Luxury Travel Market in Cannes. We want to make sure we are appealing to the world's high net worth individuals.

Q: Why does X2 appeal to this market?

A: Through our X2 brand we are creating an elite set of experiences, destinations and transport options for our clients that cannot be found elsewhere in the region. The latest addition to our offering is our week-long air tour of Thailand by private jet. The tour has been created to pull together all the elements of our offering as it is the ultimate in the single branded experience. We have wrapped up the air transport, villas, and our wonderful resorts into a single offering. It takes in seven destinations over seven days including Hua Hin's rolling vineyards, the exotic Andaman Islands, the jungles of Kanchanaburi, spiritual Chiang Mai and incorporates a cruise around the Gulf of Thailand on one of our luxury yachts. Guests stay in either private pool villas at our luxury resorts or in private residences, with one night spent on one of our three luxurious yachts.

The branded jet is a Gulfstream G200 and as a super midsize jet it perfectly combines comfort, performance, safety and cabin speed. The cabin is divided into two separate luxurious areas with a state of the art entertainment system and our own X2 Flight Attendant. It is owned by a personal friend and operated by M Jets which has a similar brand ethos to us, so we know our passengers will travel in safety, luxury and style. In addition, we can also tailor the trip to our client's needs, so we can use smaller or larger aircraft depending on the client's preferences, which we then brand as X2. It is the ultimate in what we do and exemplifies what X2 is all about.

Q: What is the plan for the next five years?

A: Quite simply our objective is to keep growing and to grow in the region not just Thailand. There are plans to add half a dozen more projects, hotels and villas, in Vietnam, Indonesia, Malaysia, Philippines, and Sri Lanka. It's a very exciting time for X2. |BAM



BROADENING THE BASE

Kenny Dichter, Founder and CEO, Wheels Up, talks to *BAM*

Private jet travel has grown hugely, relatively speaking, over the last five decades. Now two major trends are looking to take private jets to an even wider customer base.

Online booking services like Stratajet have the potential to make flying private only a little more expensive than flying business class on some routes. And then there is Kenny Dichter's Wheels Up membership program, which, by February 2017 had racked up some 4,000 members from a standing start in August 2013.

Few people in business aviation have done more to widen the appeal of private jet travel than Dichter and his team. Before Wheels Up, he revolutionized the fractional ownership of executive jets with the introduction of Marquis Jet and the Marquis Jet card, which offered a 25-hour share of an executive jet for \$8,000 dollars an hour, instead of



the \$300,000-dollar price for a 1/16th share of a jet being demanded by the fractional operators, NetJets and Flexjet.

That innovation brought executive jet travel within the reach of large numbers of smaller businesses and individuals. Dichter then sold Marquis to Warren Buffet's Netjets and went on to target an even broader section of the middle classes with his new concept. Wheels Up offers members access to their private fleet of King Air 350i for \$4,295 an hour.

There was some scepticism in the industry that a twin turboprop aircraft, even configured internally to the same standard as a business jet, would be sufficiently attractive to potential travellers. Now, four years on, the scale of the membership and the size of the Wheels Up fleet, plus the number of hours flown, is ample proof that Dichter's idea really does have legs.

The basic idea, from the outset, was to have a national fleet of King Air 350i aircraft located at up to seven regional centres, providing plenty of capacity for an "on-demand" service for Wheels Up members. In practice, the idea has evolved, with Wheels Up introducing a tiered membership structure to make membership still more accessible. Another nifty marketing idea is its Shared Flight program. Via the Wheels Up Member App and Website, any member can introduce the fact that they are taking the whole aircraft, which costs \$4,295 on the King Air, and can invite other members to join them for the trip. As Dichter explains, each seat price works out at 1/8th of that \$4,295, so if someone decides to take up the offer of a ride share and brings along three others, that's half the cost of the trip paid for. "This has proved to be a very cheap and reasonable way of escaping the constraints of scheduled flights and flying private instead," Dichter notes.

There is an initiation fee of \$17,500 for the standard membership and, starting from year two, annual dues of \$8,500 a year. The entry level membership is the 8760 tier – 8760 being the number of hours there are in a year. At this entry level the membership charge is \$6,950. "That figure gets you all the ride sharing opportunities, the option of coming to all the special events that we run for members as part of our "Wheels Down" program, and most of the benefits of a full Wheels Up membership," Dichter says.

Wheels Down was Dichter's idea for broadening the scope of membership to make it more of a lifestyle club, rather than just a way of flying private. Wheels Down offers members access to exciting experiences, ranging from exclusive parties and celebrations around popular events like the Super Bowl, the Masters and Art Basel to more intimate gatherings hosted

by A-list of Ambassador athletes, entertainers and industry leaders. Members also receive value added benefits from a curated list of luxury partners including access to a global concierge service.

Commenting on the progress made so far, Dichter says that the company and the membership numbers are slightly ahead of where he had envisaged at the launch. The Wheels Up fleet of aircraft at the end of 2016 stood at 72 units, with 57 King Air 350i's and 15 Citation Excel/XLS aircraft. The Citations are available to members who are planning on taking trips that are either beyond the range of the King Air, or that are over 2.5 hours flight time.



It is worth emphasising that Wheels Up owns the aircraft but it does not operate them. Gama Aviation is the operator for the entire Wheels Up fleet and to date, Dichter says, the relationship between Wheels Up and Gama has been first class. "That division of responsibility is working really well," he comments.

By February 2017 Wheels Up had 175 employees and Gama had almost 350 pilots and crew supporting the operation. "This business has reached the point where it has a reasonable scale to it, but given the size of our potential market we have a very long way to go. Moreover, we seem to be moving into a more favourable economic climate, certainly here in the US. I think the Trump Presidency is going to be very good for business aviation. After all, Trump's own personal jet is a well-known icon in the industry," he observes.

Europe, long a target for Wheels Up, could see a membership program launched at the back end of this year or possibly in 2018, according to Dichter. Much depends on how things turn out for both the US and the Eurozone economies in the months ahead. |BAM

BBGA – READY FOR CHANGE

In the first of a series of commentaries from the UK's British Business and General Aviation Association we hear from CEO Marc Bailey

With Brexit now on the horizon, a newly ratified agreement with EBAA which has bolstered our membership from 124 to over 170 UK members and a number of other changes in our sector, there is no better time to look at what at our Association is doing on behalf of its members.

As such, we have engaged Sewells, an organisation with significant experience in reviewing change programmes for corporate businesses and associations, to help us reshape our visions and values and offer the best service we can to our members.

This process has already encouraged significant engagement from across the business aviation sector beginning with an initial consultation of over 40 industry leaders both inside and outside our membership. Initial diagnostics suggest a hunger for change and a need to harness broader expertise. Fifteen of the forty original attendees have volunteered to support a guiding coalition and we are currently working to establish our Mission, Vision and Objectives alongside more detailed business plans (right down to the level of KPIs). We revealed our five core Values at our recent annual meeting at Luton Hoo: Integrity; Respect, Collaboration; Resourcefulness; and Commitment. We are aiming to complete this work with the coalition and have it presented to our council for approval by the end of the second quarter.

The feedback from the first meeting and subsequent more detailed interviews from a volunteer group of a dozen drawn from the 40 has been illuminating. For example, some 25-30% of people's perceptions about who BBGA are and what we do were incorrect, demonstrating that we have a job to do on perception – but we are relishing that.

This is what this process is about. We are supporting the Royal Aeronautical Society with a business aviation conference focused on change at the end of April; we are launching a BBGA Meets initiative to visit member airports and listen to their tenant companies about the issues and concerns they have and we will be taking direct part in safety days with EBAA and OEM's potentially later in the year.

Our objectives are what we are clear on so far. We want to be the influential voice of business aviation in the UK and we are

proud to be the biggest national association in the industry, strengthened with a solid partnership with EBAA.

The agreement with EBAA, agreed in November last year, positions BBGA as the single point of entry for UK members in business aviation. We see this relationship expanding to other national associations in Europe too, because closer relationships between associations will, without question, make our sector stronger and allow us to pursue joint strategies so we can speak with one voice.



We have made our position known to the Government on Brexit. That is, we want to continue with EASA regulations and wish to embrace 'Single European Skies'. We are very fortunate to have an excellent working relationship with the UK CAA and CEO Andrew Haines who assured us at our annual meeting that there will not be any changes to European legislation until we leave the EU which will take two years after Article 50 is triggered. We have a great opportunity to get our voice heard ahead of post-Brexit, Sir Gerald Howarth, MP for Aldershot told us, so do write to your local MP and to the CAA.

In related news we have been pursuing the concept of 'Assured Clients' and 'Approved Organisations' to enable transparent, safe and efficient transfer of repeat clients entering the UK. If we can secure this approach with the Home Office, DfT and CAA, then we are confident of tangible positive implications.

We are buoyed by the tremendously supportive community fostered by passionate companies and their employees and are looking forward to growing and changing our industry for the better in whatever new dynamics we are working within. |BAM

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