

Eight Questions

With fresh investment from Deutsche Bank, APOC Aviation is set to become one of the aviation sector's leading specialists, focused on trading, stocking and leasing major engine assets and LRUs. *AI* spoke with new CEO **Gavin Simmonds**

Question 1: What key areas are you initially looking to focus on as CEO at APOC Aviation?

APOC is in a different position from many other companies of its type in the market. Due to the funding structure, many companies owned by private equity firms are in it for the shorter term. We are very fortunate to be owned by a group of stakeholders who are not constrained by exit dates. This position is blended with a genuine appetite to support and nurture our business, while ensuring the capital required to operate effectively and grow is made available. Although the stakeholders are still a PE structure and APOC has to deliver, they are intent on partnering with us to make the right business decisions.

Our growth and development are underpinned by a lending facility with Deutsche Bank, which complements APOC's ownership. The bank's pedigree speaks for itself. Our focus is on using this combined strength to our advantage and evolving a solid financial and operational business to offer a range of responsive solutions based around a long-term strategy. We're concentrating on enhancing our business core competencies to become the intuitive choice for airline industry customers. This starts with our team and we are committed to equipping everyone with the right support, training and knowledge to enable them to become the best they can be in an aligned, forward-looking company.

Question 2: What changes and trends have you seen across the aviation and leasing aviation sector in the last two to three years?

It's been a crazy few years—from the brand-new 737 MAXs parked following the pandemic to a global shortage of narrowbody aircraft. Leasing companies that borrowed funds while interest rates were at an all-time low are living off the terms secured at the time and have revolutionised the leasing landscape. ACMI operators with assets are doing well. Those whose model is to renew stub lease aircraft are struggling to secure serviceable airframes. Freightier conversion shops continue to recycle airframes, which typically would be torn down.

Trends remain regional depending on operators' philosophies regarding how they choose to support different fleets. OEMs keep consolidating and are seeking more ways to control the aftermarket. Looking forward, utilising data effectively, exploiting AI tools beneficially and inspiring workforces to work smarter, not harder, will be key.

The industry still prioritises price over cost in many areas, though the trend, especially among forward-thinking low-cost carriers or ACMI providers, is toward data-driven total cost analysis. They are factoring in the potential cost of downtime, root-cause problem solving, freight cost and on-condition part soft life solutions, thus moving towards delivering greater reliability.

Question 3: The industry has spoken out about supply delays from some leading OEMs. What are your views on this and how do you think it can be resolved?

No one has a crystal ball or magic wand. With consolidation and growth, it is often easy to miss the obvious or re-invent the wheel when it is not required. In my

opinion, some of the OEMs are guilty of this. For example, at APOC, we see that the OEM is no longer manufacturing some engine parts because it was anticipated that the engines they are related to would be obsolete by now. However, this is not the case, as both mature aircraft and engines continue to be in high demand to meet the needs of both commercial airlines and cargo operators. If the lessons are not learnt, operators and, by default, leasing companies will have to look at various alternative solutions, such as DER, PMA or using Part 21 (see *Key panel*) more effectively. For future resolution, utilisation of these parts in aircraft maintenance also has to be championed by Boeing and Airbus in order to accelerate the acceptance of such solutions on a wider scale.

Question 4: APOC Aviation offers a host of services to the aviation sector. Globally, do you see certain regions requesting specific solutions? If so, what and why?

Globally, all operators' fleet choices can be divided into specific types, each with its own characteristic support requirements. APOC has conducted a strategic review of the nuances and characteristics of each product and fleet type. Our findings have determined where we will be, either best-in-class or not looking to compete.

Based on this comprehensive research, APOC is looking to provide particular solutions to specific operators or chosen partners in our target markets. Investment is already underway to underpin this strategic review, and we will offer best-in-class exchange-driven component solutions for the narrowbody operators ➔



Gavin Simmonds, CEO of APOC Aviation
All images via APOC



we have identified. We are also investing heavily in landing gear assets across both narrowbody and widebody aircraft to provide operators with longer-term contracted support.

Question 5: Focusing on the 'parts supply' process, can you talk it through from the initial contact by the client. What is the average timeline from the initial call to the request being completed?

This depends totally on what part is being requested and whether it is an urgent requirement, typically AOG or a 'work-stop' request or a forward order for a predicted maintenance event, such as a major check or a future base stocking requirement. The initial contact for the majority of our inventory is shipped the same day the order is received. One area APOC sees as key is the quality aspect. Documents and incoming inspection, coupled with a trusted MRO base, prevent items from being supplied but not accepted by the customers.

Relationships with airline engineering teams and building trust for quality parts and fair market pricing are essential. For the same part number/type, there could be hundreds of options on the market and the price will be indicative of age and condition. Professional and experienced buyers know what they are looking for, and this factor alone could dictate the timeline from the initial call to the request for completion.

APOC has its fingers on the pulse of the market. At any given time, we know precisely what parts we have in stock, what parts are being repaired and what we have available to exchange or sell.

Question 6: APOC Aviation has a dedicated landing gear hub in Lithuania. Can you discuss the current site's workload, the challenges engineers encounter in resolving work issues on the undercarriage units and why the facility is located there?

Lithuania is a large part of APOC's current business and an increasingly integral part of its future plans. We have access to experienced and professional landing gear experts who manage our expanding stock for lease, exchange and sale. We are committed to spending \$100m on equipment for narrowbody and widebody aircraft in the next 12 months and building our reputation in the sector. Our repair team currently works with several audited repair specialists in Europe and the Americas.



Building upon the current landing gear business, we are utilising or training capable resources in Lithuania to accelerate our expanding business overall, not just the landing gear business stream.

Engineering and technical specialisms are resourced through the multinational team via our central operations. Further resources located in multiple countries work together to provide a technical solution for all of our products. The Lithuania team needs little technical help as they are, on the whole, highly experienced in these products.

Question 7: Technology is playing an ever-increasing role in the aviation sector. What would you like to see introduced in the next five to ten years to ensure the leasing, trading and aircraft part-out industry continues to grow and develop?

I wouldn't like to predict technological advances in ten years' time, as this is one area where solutions happen so quickly that they are endless. It would seem that by the time a company catches up, the technology has evolved further. However, we see niche solutions where APOC looks to specialise. It is important to be selective in where we deploy resources rather than jumping on the latest fad.

That said, failure mode and downtime avoidance will continue to evolve. It's interesting that fixed-wing solutions are only now catching up to some rotary solutions, which have been in place for some time. For example, HUMS (see Key panel) was

around during my time at Bristow Group and allowed spare parts to be ordered and on their way, due to trend analysis, ahead of the flight even landing.

APOC is built on providing a technology solution and we are committed to using this to our customers' advantage in specific areas. This technology goes beyond the provision of spares. For example, APOC already has a 'live' blockchain solution that eliminates bogus parts and certificate forgery from the aviation records industry. Aerodox.org (part of APOC) utilises blockchain to allow certificates, records and technical publications to be electronically stored in a 100% tamper-proof system. This ensures bogus parts or duplication is quickly, efficiently and robustly protected, not just for APOC but the wider industry at large. We can use the technology to ensure every part recorded through Aerodox is protected and verifiable for life.

Question 8: On a personal level, how do you spend your free time? Any hobbies that you enjoy?

Anything that gets me outdoors and engaging with nature. In that regard, I am a complete contradiction. When I have time, I like to improve my field sports in the UK and enjoy the tranquillity of salmon fishing under the midnight sun in Iceland or the thrill of chasing marlin in the Caribbean. Having visited more than 100 countries, people never cease to amaze me. Cultures may differ, but all the activities I enjoy are enhanced by people who share the same interests. **AI**

CLOCKWISE FROM TOP LEFT: Ensuring a well-stocked warehouse that is well-maintained and can deliver the specific parts rapidly and efficiently is key to APOC's business practice

APOC's headquarters is located in The Netherlands

APOC is recognised for its aviation industry expertise, which underpins the energy and commitment of its team

DER Designated Engineering Representative parts are custom-designed or repaired aircraft parts approved by the Federal Aviation Administration (FAA). DER parts are often used when OEM or PMA parts are not suitable and can be a cost-effective way to extend the life of an aircraft.

PMA Parts Manufacturer Approval parts are aircraft spares approved by the FAA to be produced and sold.

Part 21 Part 21 is a regulatory framework that covers the certification and approval of aircraft, parts and related products in the aviation industry. It is part of the European Aviation Safety Agency (EASA) regulatory system, the Federal Aviation Administration (FAA) and Joint Aviation Requirements.

HUMS A Health and Usage Monitoring System monitors the health of an aircraft's critical components and systems. HUMS uses sensors to collect data on the aircraft's performance and health, which can then be used to help maintainers make decisions. HUMS applies to both rotary and fixed-wing aircraft.

