



# A proactive approach is key to **optimising** AOG services



Kevin Wall, Chief Commercial Officer at APOC Aviation

Quick access to a shared pool of parts can minimise downtime.

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Effective management of AOG services is crucial especially in the summer months when airlines operate at full schedules and are seeking to optimise the process to reduce ground time.

By Keith Mwanalushi

Having a strong network of suppliers has usually been the standard approach to effectively resolve Aircraft on Ground (AOG) situations. In the wake of the pandemic, Kevin Wall, the Chief Commercial Officer at APOC Aviation notices that the aviation industry has been compelled to explore innovative strategies to mitigate costs and enhance operational efficiency. He says pooling agreements, characterised by long-term contracts in which airlines

share a common inventory of spare parts, present a cost-effective solution for airlines.

“By sharing resources, airlines can significantly reduce the capital expenditure associated with procuring and storing a comprehensive inventory of spare parts,” says Wall. He explains that quick access to a shared pool of parts can minimise downtime, thereby reducing the substantial costs associated with grounded aircraft and AOG situations. – “This approach also delivers advantages in terms of workforce requirements, as adequate staffing levels remain an industry-wide challenge and the ever

more important considerations of sustainability by promoting the efficient use of resources cannot be overlooked either,” he states.

Having access to a pool is a hedge against the capex of holding, or the headcount of sourcing and managing, inventory in-house, believes Scott Symington, Chief Commercial Officer at AJW. “In striking a balance between commercial terms and operational requirements when contemplating long-term pooling contracts, operators will consider things such as the duration of the contract, pricing structure, consigned inventory, warranty provisions, and the



Scott Symington, Chief Commercial Officer, AJW

repair service provider's reputation and track record before fully committing to a PBH contract for example." AJW operates a full PBH (Power by the Hour) service.

Symington sees a trend among customers to pursue long-term fixed price or flight hour agreements to secure access to inventory as well as pricing. "This offers several advantages, including cost predictability, optimisation of cash flow, excellent service levels, and the operational insurance coverage provided by AJW's substantial investment in a rotatable pool. This investment serves to mitigate disruptions in the supply chain resulting from longer shop processing times," he adds.

SETNA iO observe that operators are taking a hard look at their longer-term pooling contracts to determine if they receive sufficient coverage and value from them, as contracts under negotiation incur higher renewal fees. In parallel, SETNA iO continues to

collaborate with both operators and pooling contract providers to expedite the availability of component materials, supporting day-to-day operations and, of course, AOG situations.

Sune Kjeldsen, Setna's Vice President of Business Development says recently, there has been an uptick in AOG support directly to operators when either the pool was depleted or, for other reasons, unable to meet the operator's demand in a timely fashion.

Francois-Xavier Rault, Regional Director Sales at AerFin does not necessarily associate longer-term contracts as a solution to manage AOG situations, however he does notice an increased demand from the customer base for a programmatic solution to their requirements which incorporate SLA's to provide more certainty around AOG situations.

"The customer base has transitioned somewhat from the historical approach to pooling requirements through a PBH arrangement and are looking for cost control with a focus on flexibility in the support to provide a more tailored solution, while maintaining a high standard of service level and reinforcing their access to inventory through a combination of strategically located pools and on-site consignments, Rault tells.

AerFin are also seeing an increased technical focus on the quality of the material provided to ensure on-wing reliability. AerFin service this requirement with a repair network utilising OEMs and blue-chip repair vendors together with continuous service bulletin evaluation to improve component performance.

"We have developed a hybrid pooling solution for our customers which has been proven to be meeting those



Francois-Xavier Rault, Regional Director Sales at AerFin

objectives in terms of cost control, component reliability and the highest quality of service level."

Rault continues to say there is an increased acceptance and use of preventive maintenance practices in order to avoid AOG situations particularly away from the main operating bases whereby system trends are monitored

**“ Traditional supply chain networks and systems are increasingly being challenged by new players, and operators are raising their expectations for speed, accuracy, and support.**

*Sune Kjeldsen, SETNA iO*



Sune Kjeldsen, Setna's Vice President of Business Development at SETNA iO





Mike Cazaz, CEO at Werner Aero

proactively to identify deterioration and pre-empt a hard fault on the component using software provided by the aircraft manufacturers or other bespoke applications.

Mike Cazaz, President and CEO Werner Aero argues against any significant shift by operators to lean towards longer-term pooling contracts – “Not, at all - operators are still trying to control costs and are unwilling to make commitments, due to unpredictable times.”

Cazaz suggests pool providers are holding off as well, as they are not willing to take the risks of MRO’s long TAT which is caused by the supply-chain problems. He says airlines are still operating, for the most part, in “AOG mode - just give me what I need now at the cheapest price,” and he reckons in the long term, this strategy is not sustainable.

### Expediting the process and using new technology

APOC Aviation is leveraging cutting-edge technology to ensure that the search, sourcing, and delivery of spare parts are as swift and efficient as possible. Wall indicates that at the heart of this process lies a sophisticated inventory management system called

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*Mike Cazaz, Werner Aero*

Alicanto. “This system provides real-time tracking of part availability and location, significantly accelerating the search process and ensuring rapid sourcing and our predictive analytics also play a pivotal role.”

By analysing historical data, APOC can forecast future part requirements, enabling companies to proactively source necessary parts. Wall adds: “This proactive approach further trims delivery times and ensures that airlines can swiftly address their needs. Automation is another key component of the process and by automating various stages of the sourcing and delivery process, from generating purchase orders to dispatching parts, we can minimise manual errors and expedite delivery.”

AJW are taking a more simplistic approach to delivery expectations by making strategic decisions about a more

nimbler supply chain. Symington feels those supply chain partners that can deliver will thrive and those that cannot; despite best joint supplier development efforts; will have to be deprioritised – “It’s a cold hard truth unfortunately, but Covid saw only the fittest survive in the sector, the next few years will bring to light those suppliers who took the opportunity to change and improve their delivery capability and those that waited for the sector to return to normality.”

Technology is playing a central role in how the AJW Group takes the business operations into the future and according to Symington, technology offers a range of solutions to overcome the challenges faced by the aviation industry in aftermarket services. He says predictive maintenance, data analytics, and artificial intelligence, are just some of the technologies that can help to identify



Adequate staffing levels remain an industry-wide challenge.

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issues early on and prevent unplanned maintenance tasks – “This increases aircraft reliability and reduces downtime for maintenance, leading to cost savings and increased efficiency.”

The AerFin business model is historically based on a range of procurement sources which focus on anticipated future demand as opposed to a reactive approach to customer requirements in terms of brokering which increases cost and extends response times for the airline. As Rault reports, the recent introduction of a strategy team within AerFin ensures that they have the latest view of the market forces utilising a team of analysts who regularly review current inventory volume and status, future demand profiles and market activity in terms of fleet fragmentation and retirement forecasts. He says this ensures that AerFin has a consistent and sustainable pipeline of inventory to suit the future demand profiles forecasted.

In addition to the volume asset purchases AerFin also have a strategic piece part procurement team embedded with the strategy and sales team who can supplement the whole asset purchase strategy with a more reactive tactical approach to short term customer demand and close any gaps in the inventory holding either on a piece part or aircraft platform level. AerFin sees technology and AI playing a crucial role

in the future.

At SETNA iO too, technology is playing a significant role utilising data analytics to predict demand, monitor and identify reliable sources in a constantly changing supply landscape, and navigate pricing dynamics, among other things. Kjeldsen says traditional supply chain networks and systems are increasingly being challenged by new players, and operators are raising their expectations for speed, accuracy, and support. “This evolution is a positive development, and SETNA iO hopes that operators will keep an open mind and perhaps be a bit more daring in exploring new technologies and partners that can best serve and support their operations,” he advises.

Cazaz from Werner Aero thinks long-term planning is best but recognises that the industry is still in post-pandemic syndrome – “One good way is to use the traditional fashions to source spare parts which is through some known electronic platforms. But in my opinion, relying on reliable suppliers through relationships, who have the spare parts and are also able to provide logistical solutions, is more critical and effective these days. We are not seeing any technological advancements in this area yet and the aviation industry is known to be behind other industries when it comes to technological advancements, for various reasons.”



Carlos Garofalo, Manager for Asset Life Cycle Solutions at AMROS Global

Carlos Garofalo, Manager for Asset Life Cycle Solutions at AMROS Global is keen on the use of technology as it certainly expedites stages of the parts supply chain, however, he feels that since these are not truly integrated, there is no significant effect towards improvement so far. He says the best way to ensure and expedite supply of parts is by focusing on the loose ends and do a “manual” integration, this is the main added value from AMROS Global. “Technological platforms have always been there, and it has not been possible to increase the role they are playing simply because of lack of integration and the data contained is not reliable. There is still too much speculation about the ownership and availability of spares,” he comments.

Importantly, Garofalo also mentions that suppliers and OEMs are equally suffering from the lack of raw materials; therefore, he sees very long lead times that could also be undefined – “To mitigate that we are looking into options like PMA material, alternative part numbers and cannibalisation.”

Ultimately, the summer months are a busy time for airlines and AOG situations can be costly and cause havoc to busy schedules.



Potential AOG situations can be costly and cause havoc to busy schedules.

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