

# Airline Perspective on the Aftermarket / Agenda

## OEMs, Opportunities and Future Forecast

- **Short Analysis of the Supplier Market, Airframe OEMs, Equipment OEMs and Distributors**
- **Which Aftermarket sector offer opportunities for development ?**
- **How can independent Suppliers provide a competitive advantage (added value) and gain market share ?**
- **Will Airlines move MRO services in House ?**
- **Is there a need and room for a low-cost solution to challenge OEMs and large MROs in the future ?**

# Analysis of the Supplier Market / Airframe OEMs

**Airframe OEMs strategy has changed since 2005, they have discovered the aftermarket and they want to cover the complete lifecycle of the Aircraft**

- Gain control over IP and equipment OEMs
- Utilize only Airframe OEM-designed Parts
- Force Airlines to use Airframe OEM-licensed maintenance services
- Protect and control access to technical data, repair and maintenance services

**The effect of this strategy is to cut out competition, as a result the cost for airlines goes up as these services and material are fare more expensive. Very often additional fees, like access fees are a result of this strategy.**

# Analysis of the Supplier Market / Large OEMs

## The large OEMs have a clear strategy, gain Market Share

- Get **BIG**, large consolidation ongoing
- Be the Preferred Supplier of the Airframe OEMs
- Cover a larger scope of Systems and Services, outrun MRO provided Services
- Protect and control access to technical data
- Single Solution for Aftermarket support

# Analysis of the Supplier Market / Distributors

## **Distributors are part of the Airframe OEMs Strategy to gain control of the Initial Provisioning and Aftermarket**

- Aviall (Boeing) and Satair (Airbus)
- Increase Market dominance, latest examples KLX and Aviall
- Integration of Distributors into the aftermarket strategy

**For the remaining Distributors we have seen a large consolidation of the Market, the mid-size Distributors have gathered Market Share by acquisitions of competition, very often smaller Distributors.**

# Which Aftermarket sector offer opportunities for development ?

**Taken the current and future trend into consideration that the Airframe OEMs, Equipment OEMs, Large Distributors and Large MROs increase their Market coverage**

- Trend to utilize more Used Materials
- Applying Advanced Technology in Aircraft Maintenance e.g. Augmented Reality & Drones
- Predictive Maintenance, by use of BIG Data for Health Monitoring of systems and components

# How can independent Suppliers provide a competitive advantage (added value) and gain market share ?

**The large consolidation of the OEMs has shown that the customer focus has been lost, the focus was clearly to gain Market Share, cost efficient Repair or Material Supply solutions went out of the focus and understanding and communication with the Operators was forgotten**

- Customer Focus direct Communication (Understand the Need)
- Provide customized Solution & Services
- Continuous development of Solutions & Services (Be the first one)
- Be flexible avoid high cost caused by overhead
- Integrate into the Operator (Services and Staff)

# Will Airlines move MRO services in House ?

**The MROs are facing a high pressure from the Operators in regards to Cost & Performance, on the other hand are the MROs facing an increased cost trend for Material and Labor. This trend will continue in the foreseeable future, especially the cost of qualified Labor will increase dramatically.**

- Heavy Maintenance will continue to be outsourced for the majority of Operators
- Clear trend to insource limited Base- and Line Maintenance

**The trend and decision to insource limited scope Base and Line Maintenance is based on the performance & cost of the MROs and for sure related to the size of the different bases within the Network of the individual Operator**

# **Is there a need and room for a low-cost solution to challenge OEMs and large MROs in the future ?**

**The Airline Industry is facing its biggest Challenges in 2018, the Fuel price increase in combination with the rising Cost for Maintenance, Materials and Labor.**

**These costs together make almost 50% of the operating expenses of an Airline and will increase steadily by the prognosed increase of Aircraft Technicians wages and Material cost.**

**The current situation is clearly fostering the need for a more cost efficient solution to operate and to maintain Aircrafts.**



**End of presentation**

**Thank you !!!**