

EVA

EXECUTIVE AND VIP AVIATION INTERNATIONAL

High Net
Worth Profile:
John Jordan,
CEO

WINTER 2015/2016

Omar Halawani

President & CEO • *nexus*

Company profiles include: KaiserAir, Aerion, JetSuite, Wyvern, Jetcraft
Special features: Travel Security, EVAA's Dubai After Party, Review of 2015

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first thought

Brave new world

As I write this we are just starting the first full day of the US Federal Reserve's Brave New World. On Wednesday 16th December the Fed reversed direction and raised its lending rate for the first time since the 2008 global financial crash. We all know what the crash did to business aviation so the Fed's decision to assert that the US is now officially on the mend and rates can therefore be allowed to (very slowly) drift back up, is encouraging.

I've seen a lot of comment recently in interviews to the effect that if you ignore the unreal demand spike of 2007, when things got really frothy, sales of new and pre-owned jets are pretty much back to where they were - i.e. progressing at sensible levels. I've also seen a lot of comment from senior folk saying "Don't get excited, it's still pretty flat..." Looking back on this period it seems likely that the judgement will be that business aviation took a jolt, recovered its grip on the fundamentals and straightened things out pretty well, thank you.

The really pleasing thing about the way the industry behaved through this whole episode, however, is the fact that engine and airframe OEMs kept the faith and kept investing. As a result, we're going into 2016 with some superb new models already flying and more on the way. This industry makes some of the most beautiful products on Earth while simultaneously adding power and momentum to the global economy. It does this by enabling entrepreneurs and corporations to go where they need to go to do what they need to do. There is much to be proud of in that...

Our cover article this time round features Omar Halawani, the new President & CEO of Nexus and his plans for 2016. John Jordan, CEO of Jordan Vineyard & Winery and an enthusiastic G3 owner and pilot is our high net worth interview.

However, the top business aviation story of 2015, undoubtedly, has to be Flexjet's order for 20 of Aerion's yet-to-be built AS2 supersonic jets. At a stroke that turned business aviation's dream of supersonic travel into a reality, particularly since, with the support of Airbus, Aerion CEO Doug Nichols - interviewed in this issue - now has the production guns to bring the jet to market. Definitely one to watch.

EVA's Dubai World After Party added another tremendous success to our growing string of After Parties. Plans for our 2016 EBACE After Party are already well advanced - interested sponsors should talk to Max!

It remains only to wish our readers a happy festive season. Here's wishing health and wealth to you all!

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contents



4 Stronger Together

Nexus CEO Omar Halawani explains the company's growth, the power of partnering and progress in new markets

8 Bracing for Super Bowl 50

KaiserAir General Manager, Otto Wright discusses the company's plans to ensure all goes smoothly in the rush for Super Bowl 50

10 Supersonic is go

Aerion CEO Doug Nichols talks about Flexjet order for 20 Aerion AS2 supersonic jets, and the Aerion/Airbus timeline for fulfilling one of the most startling orders in the history of business aviation

18 Light jets rule, OK?

JetSuite CEO Alex Wilcox on his plans to add ten Phenom 300s to the JetSuite fleet in 2016



22 In Vino Veritas

G3 owner and pilot John Jordan, CEO of Jordan Vineyard and Winery talks to *Margie Goldsmith* about his business philosophy and his love of flying

30 Safety checks

Wyvern CEO Art Dawley talks about the company's mission to make charter operator safety performance visible to users

36 Travel security matters

EVA looks at the travel security business, which aims to minimize travel risks beyond the jet for executives and high net worth individuals.



40 Taking the long view

Jetcraft President Chad Anderson talks to EVA about the company's view of the next 10 years in business aviation.

42 Dubai World Party gallery

EVA's Dubai World After Party was a tremendous success. View and enjoy!

43 Past and Future under the microscope

EVA's retrospective view of 2015 and look ahead to 2016



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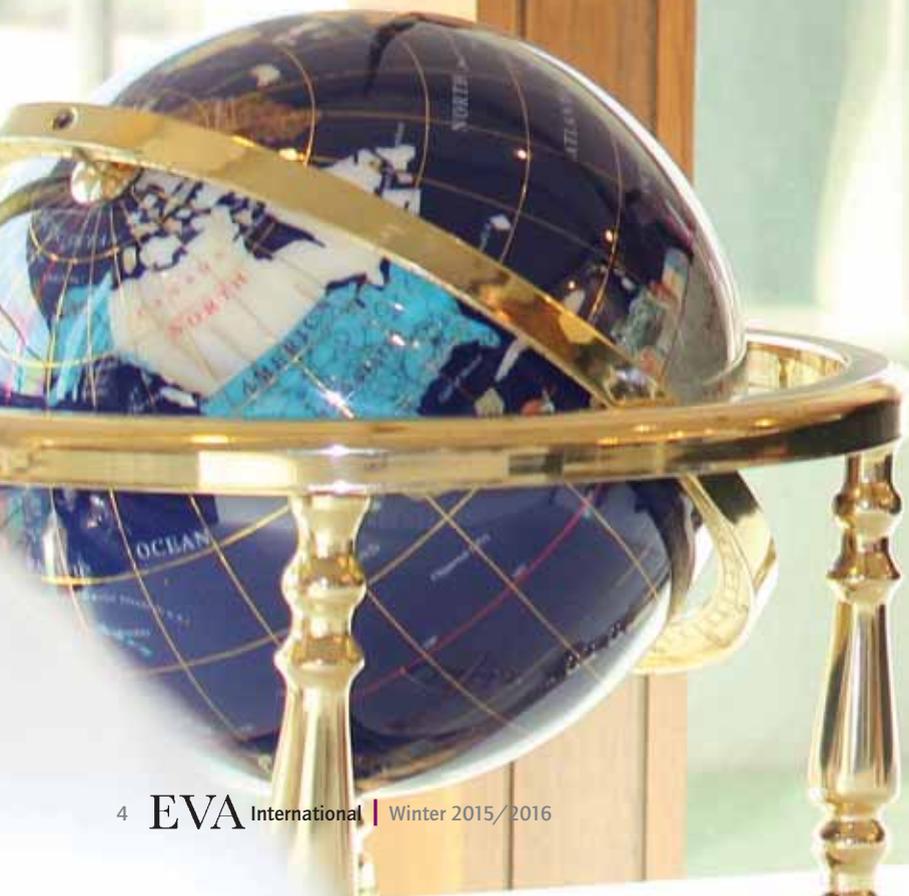
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Stronger together

EVA interviews Nexus CEO Omar Halawani





On 30th November, Nexus announced that Omar Halawani, formerly, President and CEO of MASARAT Aviation Consulting, is the new President and CEO of Nexus. He replaces Abdullah Al Sayed, who moves to his new position of Chairman of Nexus.

Before he commenced his five year stint with MASARAT, Halawani was CEO of MAZ Aviation Consultants, where he had responsibility for the direct management, business development, oversight and implementation of all investment projects. He has a proven track record building successful multi-national organisations and that will serve him in good stead as Nexus seeks to build on and extend its world-wide footprint.

EVA is delighted to feature the first in-depth media interview with Omar Halawani since he took up his new position at Nexus.

Q: What are your priorities for Nexus in the year ahead?

A: We have had a tremendously successful year in 2015 and will be looking to build on that strongly through 2016. Our present head count is between 230 and 240 staff and we will be looking to double that in 2016. However, we will be doing so in a very disciplined way. Our aim is always to have a strongly positive bottom line and to ensure that expenditure does not get ahead of revenue growth.



I make a point of ensuring that all my staff realise how important supplier relationships are to us and that they treat these relationships as long-term partnering relationships

Q: What are the major drivers of growth that will allow you to double your head count?

A: We have been very successful at winning some very large accounts, both from corporations and from government. One of the keys here has been our ability to step up and enable our clients to outsource their whole flight department to Nexus. As a company grows and its use of business aircraft becomes more extensive, the burdens on the flight department grow larger and larger. This in turn calls for more staff and bigger budgets and at some point it makes sense for clients to realize that they are better off handing the whole challenge off to a specialist flight support company like ourselves, to provide a complete service for them. We have recently won two major contracts, one corporate and one government, in this way, and we are in discussions now with another party which could well result in the biggest contract Nexus has ever had.

Q: How important is it for Nexus to expand its footprint around the world?

A: The first thing to be said is that by the very nature of what we do, we have to be able to provide services to our clients all around the world. Our clients fly to every corner of the globe. We can provide a comprehensive flight support service for them irrespective of

where they are going, from our 24 hour a day operations center at Jeddah. However, this also means that we need to be sure that the suppliers we partner with, can offer the highest levels of service and quality to our clients when they are acting in our name.

That said, it is very clear to us that it is a very strong enhancement of our brand and the way clients relate to Nexus, when they arrive at a distant location and can see that we have a physical presence there. So our strategy is two-fold. On the one hand, we are gradually developing our global presence, country by country, in a balanced way, having an eye to balancing revenue and expenditure. Plus we have a very strong and well developed partnering strategy where we look to build long term, stable relationships with suppliers who can provide quality services to our clients. We do this either in areas that are not our core specialisms, such as catering and ground handling, or in regions where we do not have a physical presence.

Q: What is your strategy for qualifying suppliers as partners and building the relationship with them?

A: Because suppliers are so important to us, and we want to work with them for many years to come, we put a lot of work into qualifying new partners. In fact we don't call them

suppliers, we call them partners and I make a point of ensuring that all my staff realise how important supplier relationships are to us and that they treat these relationships as long term partnering relationships. I make sure that our procurement department, which has responsibility for opening the dialogue with suppliers in new areas and markets, provide potential partners with a well-documented account of the way we deliver services, the quality standards that we expect, and that the agreements we sign with new partners clearly set out the quality we expect.

Suppliers are the face of Nexus whenever our clients travel to distant airports. This is a very challenging business. A client can decide, with very little notice, to fly to some remote destination and they want to be sure that all the services they require at the other end are in place when they arrive, and that everything goes smoothly. We are in the hands of the supplier to deliver that set of services in a highly professional way, no matter how short the notice. So we have to have a supplier network that covers us wherever our clients want to go in the world.

To ensure that our supplier/partner network is the best it can be, we have a dedicated department that simply manage partner relationships day by day, every day.



Q: You recently added an office in Rwanda. How is that going and how promising do you view Africa as far as business aviation is concerned?

A: With Africa, as elsewhere, the factors that are behind the ever increasing corporate and entrepreneurial use of private jets, are only going to get stronger and stronger. There are a few downturns in the global economy and there are issues, like the slowdown in China, but nevertheless private jets have become a vital part of the way companies do business today. More and more companies now depend on private aviation and the use of private aircraft to help them achieve their business goals, and business aviation is becoming ever more important as an enabler of business growth as people look further abroad for markets, suppliers and assets.

All this means that we are pretty positive for 2016 across all our major markets, and certainly, our African office in Rwanda is doing very nicely. We really worked through the options before we decided on Rwanda, and one of the most attractive factors was that it is one of the most stable countries in Africa today. It is already clear that it is turning out to be a really good choice for us. We have very good relationships with the government and with our strategic partners there and the office is

now standing on its own feet, as it were, and running very well.

Q: What are your plans for the rest of Africa?

A: Africa has a great deal of potential, but for now, our focus and our goal is to see the Rwandan office in Kigali, the capital city, grow, and to ensure that it is fully established and properly structured. We are working with the government and the airport authorities at Kigali to agree plans for future developments. At present we are still at the talks stage, but this could become a reality by mid-2016 and would be a very important addition to our presence in Africa.

Q: What do you think of the potential for a light jets market in the Middle East?

A: If you look at the forecasts being made about the growth of both commercial airline traffic and business aviation, the Middle East tops the world for both the highest year on

year percentage rate of growth and the fastest rate of growth. The expectation among the forecasters is that we will have at least 1,500 business jets operating in the Middle East by 2020, just four years from now. The current number of business jets operating today in the Middle East is probably 500 to 600. So that represents a very fast rate of growth if these expectations are realized.

Moreover, growth is across the board, in all categories. Many of our individual customers operate mid-range and smaller jets while our corporate and government clients are very much in the large jet category. So there is room for growth in all three segments, small, medium and large jets. I am very optimistic for the future for both business aviation and Nexus. We will take opportunities as they arise and as I said, we have some very large projects and orders in the pipeline. But we will continue to pay very close attention to our primary responsibility, namely to keep the bottom line positive across all our operations and offices. ■



Bracing for Super Bowl 50

EVA talks to KaiserAir General Manager Otto Wright

On February 7th 2016 Super Bowl 50 comes to the San Francisco Bay Area in California, to Levi's Stadium in Santa Clara, home to the San Francisco 49ers. Unfortunately for local fans, the 49ers have zero chance of being one of the two teams lining up for the 2015 grand final, having been eliminated in Week 14 of the season. However, as KaiserAir General Manager Otto Wright knows, this simply guarantees that even more out-of-town private flights will be coming through KaiserAir's Oakland FBO. (Oakland Airport is one of three major airports in the Bay area.)

Q: You are currently gearing up for Super Bowl 50, but before we get there, tell us a bit about the history of KaiserAir.

A: KaiserAir has come a long way from the days when it was the flight department of Kaiser Industries. With companies all over the world doing everything from building ships for the US navy during World War II, to manufacturing jeeps and getting into construction and building. KaiserAir grew from being the in-house flight department, KaiserAir became one of the first aircraft management businesses and today we are still recognized for having one of the best safety records in the business. The company opened its first FBO, at the Oakland Airport, in 1982, which is still our home



base. Nine years later the company moved to a larger terminal and shortly afterwards, opened a second FBO at the Sonoma County Airport.

Q: The whole Bay area is gearing up for Super Bowl 50. What do you expect the impact will be at your Oakland FBO?

A: We'll be seeing a huge spike in traffic. Through the week leading up to the Super Bowl, which extends from the 1st of February through to match day on the 7th, we expect to see up to 1,000 jets. A good portion of these will be part of the NetJets fleet, but we are also the preferred handler for the CAA and many others. At any time during that week our staff could be seeing around 200 to 300 aircraft on the ground. Clearly, this presents a number of challenges since our aim is

to provide all customers with the highest quality of service, no matter how crowded the ramp gets! What I can say is that we are well prepared for this and all my team are looking forward to Super Bowl week.

Q: Competition for ramp space is going to be pretty intense isn't it? How do you deal with the mechanics of parking the jets so that owners have the freedom to come and go without massive disruption to parked aircraft when there are so many jets on the ramp?

A: Fortunately, Oakland has a great deal of space available, so the parking challenge is not as acute as it would be at a FBO that was much tighter on ramp space. My staff will handle the logistics so that owners that expect to leave early can get to the departure line with the minimum of fuss and can meet their slot schedule.

Q: How does Oakland stack up against the other airports in the Bay area?

A: There is no doubt that Oakland has several advantages over our two rivals, San Francisco International Airport (SFO) and San Jose International. First and foremost, we are closer to downtown San Francisco than the other two. Second, we have three runways available for GA flights. Passengers can be out of the aircraft and into downtown San Francisco within 25 minutes of

landing, which is much faster than crowded SFO. Silicon Valley, which is obviously a prime destination throughout the year for a good deal of the ViP passengers going through our FBO, is just 40 minutes away with a lot less traffic.

Then there is the weather. San Francisco International is notorious for fog delays and it gets really congested when there is a blanket of fog over the area. If you are a private jet owner when that happens you'll find yourself in a long queue behind commercial airline traffic. We don't have that problem here. Our weather is pretty good.

Q: How much has the business aviation industry changed, in your view, since the early days of KaiserAir?

A: One of the most obvious changes is that there is now much more competition at virtually all the major metropolitan-type airports as far as FBOs and support services are concerned. General aviation has really mushroomed in the Bay area since the 1980s. I couldn't put a figure on the increase in the number of jets over that time but it has really grown – and would have grown even faster, of course, if we had not had the 2008 crash. However, we seem to be getting back to pre-crash levels again. On the competition front, GA and business jet customers now have a choice of FBOs. They can come to us at KaiserAir or they can use the Landmark Aviation facilities. We have a greater than 50% market share on the field, but the competition is healthy and keeps us both on our toes. From our standpoint, the argument we make to prospective clients is, your choice is between going with a national chain like Landmark, or with a local company, KaiserAir, that can provide a rich array of services in addition to our FBO facility.

It is important to realize that we are a Part 145 MRO shop and we also continue our tradition of providing aircraft management services – plus we now have our own airline. We think we provide a great alternative to a large FBO chain, and, given

that we have a larger share of the business going through the airport, it looks like the customers believe that too, which is very encouraging.

Irrespective of which FBO clients choose, Oakland is a very well regarded airport. It has a great history to it. This is the airport that Amelia Earhart flew out from for Hawaii on the start of her famous 1935 transoceanic flight. We are still considered the best stop on your way to or from the Hawaiian islands.

Q: Are you restricted as to the size of aircraft that can make use of your facilities.

A: We are well able to handle large jets, up to and including Boeing 777s and 747s, and we are definitely seeing a real increase in the number of large cabin, long range jets arriving at our FBO. Our charter business on the aircraft management side, is also seeing strong demand for larger cabin aircraft. A number of owners of smaller jets use our services when they want to take several family members or a party of executives with them. They'll charter one of our 737s.

In fact, demand is so strong that we are going to expand our facilities at Oakland. We have a \$10 million investment in the FBO planned that will see several of our buildings redeveloped, enabling us to create an enhanced GA terminal here.

Because we are seeing more and more large groups coming in, we are also going to create a separate terminal to handle large groups. This will enable us to accommodate TSA screening of large groups in a manner suited to ViP groups. In addition, we are adding to our hangar space by taking on two more hangar bays and will be extending one of our existing hangers to enable it to take more of our 737s.

We are looking forward to 2016. Super Bowl will get the year off to a flying start, no pun intended, and with the US economy picking up, we are anticipating a solid and perhaps even a spectacular 2016. ■

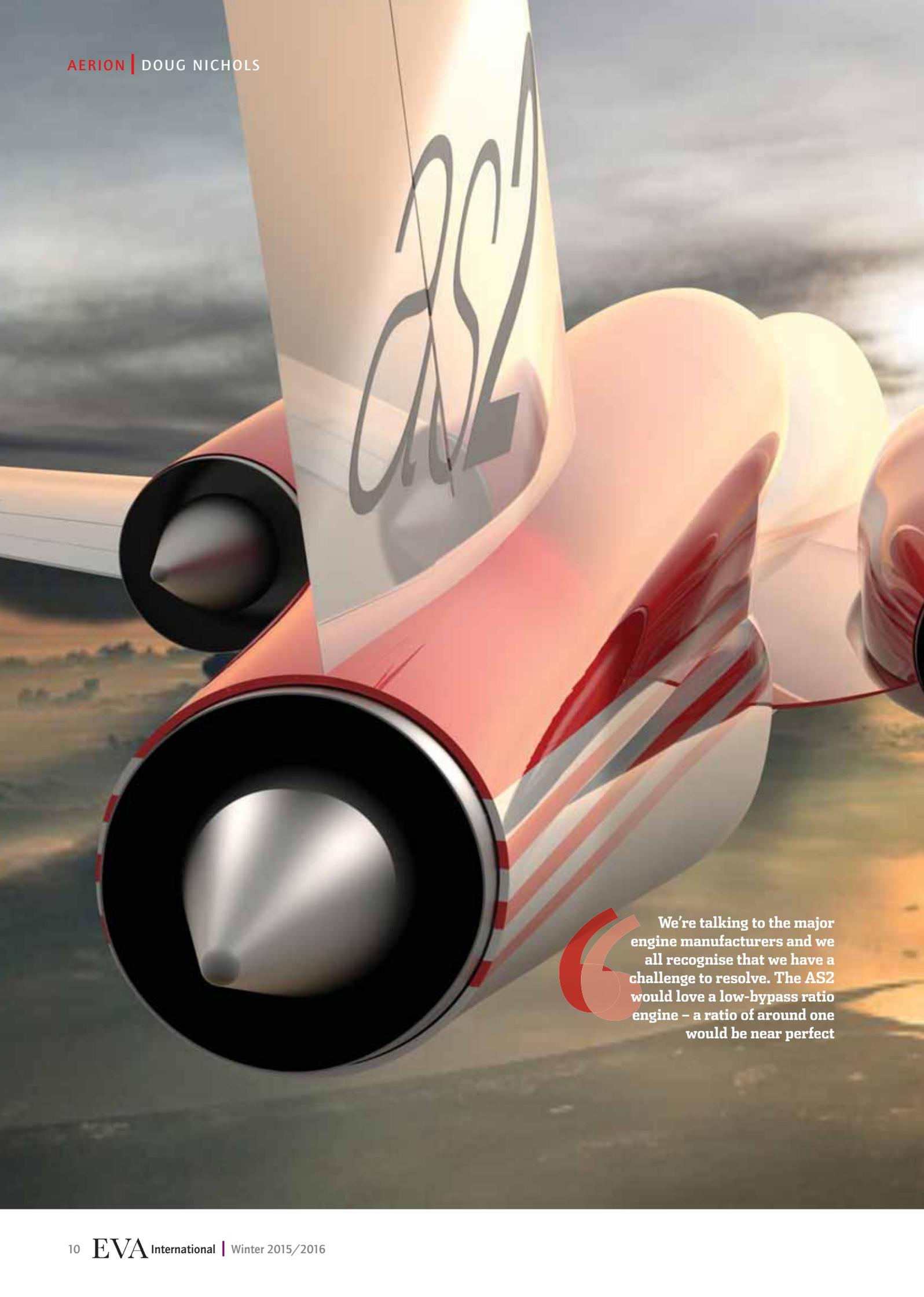
THE DIAMOND DIFFERENCE

KaiserAir is one of the latest FBOs selected to be a member of World Fuel Services' Air Elite® Network. The Air Elite Network was established in late 2011 as a global network of service-conscious FBOs that are required to meet a number of airport, facility and service quality standards in order to qualify for membership. The network is currently comprised of 51 Diamond Service locations worldwide.

"It seems we've joined Air Elite just in time for Super Bowl, though it wasn't planned that way. We are excited to be a part of the network and we see Super Bowl, with a big increase of activity, as an excellent opportunity to showcase our new Diamond Service Designation to the industry," said Wright.

The network continues to grow steadily, as it has added 12 new members in 2015 alone. The growth of Air Elite strategically positions locations around the world in order to provide flight operators convenient access to facilities that uphold the consistently high standards of Air Elite Diamond Service. In addition to the service standards, Air Elite locations offer elevated FlyBuys Rewards Points to FlyBuys members. Further, the network's Diamond Dividends Loyalty Program works in conjunction with FlyBuys to encourage flight crews to travel within the network to earn bonus rewards.

Air Elite offers customers the pleasure of variety with the local expertise and regional nuances of independently owned FBOs. The network also prides itself on offering customers the comfort of consistency through elevated facility and customer service standards. "As an independently owned FBO, KaiserAir has always considered our FBO the local choice for visitors to the Bay Area. Being an Air Elite Diamond Service location gives us the ability to provide consistency across a network, while still maintaining what makes us special and different from the big chains," said Wright. The Air Elite network benchmarks The Ritz-Carlton philosophy on customer service with training standards required of each member. "Our focus has always been service. This sort of high-end, recurring training for our staff is very beneficial to keeping us always at our best and falls in line perfectly with our commitment to quality," Wright continued. ●



We're talking to the major engine manufacturers and we all recognise that we have a challenge to resolve. The AS2 would love a low-bypass ratio engine - a ratio of around one would be near perfect

Aerion's supersonic vision turns real

Anthony Harrington talks to Doug Nichols, CEO, Aerion

On 17 November 2015, Aerion announced that Ken Ricci's Flexjet had placed a firm order for 20 of the company's supersonic AS2 business jets at \$120 million a time. Almost instantly, the whole business aviation industry recognised that a game-changing moment had arrived. All that is now required is that Aerion and its giant partner, Airbus, get out the spanners and the composite kit and get fabricating – oh, and of course, there is the small matter of finding an engine to power the beast.

However, and the sceptics should take note of this, the engine issue is highly unlikely to be a show stopper. As Aerion CEO Doug Nichols points out, there may be no off-the-shelf complete engine that the Aerion team can walk up to and pop into their shopping cart, but there surely are a few well-proven cores about that are more or less fit for purpose.

"We're talking to the major engine manufacturers and we all recognise that we have a challenge to resolve. The AS2 would love a low-bypass ratio engine – a ratio of around one would be near perfect. Conventional commercial engines with their huge fans and high bypass ratios would create massive drag at supersonic speeds. Plus you want as much of the air as you can get going through the core, not bypassing it," Nichols explains.

If that were all there was to it, you could tick this box as solved, but the problem is that when you start cranking all that air through the core, the noise level rockets up. Ergo, you fall foul of community noise regulations. So the Aerion/Airbus/engine OEM team have some design issues to resolve. The likely resolution will be a modest bypass ratio of about 3:1, enabling certification to Stage 4/Chapter 4 noise standards.



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A rich source of confusion in the way many have viewed the Aerion supersonic project is to suppose that Aerion's business case requires legislative change in its favour. "Absolutely not," says Nichols. "Our business model works inside the current legislative envelope, both as far as community noise regulations and high altitude atmospheric pollution levels are concerned," he emphasises. Nor does Aerion expect relaxation of regulations regarding sonic booms, as the aircraft is designed to operate efficiently below the speed of sound, in fact achieving its maximum range of 5,300 nm at Mach 0.95.

There has already been speculation in the press that Ricci intends to situate his AS2s on the east and west coasts, when he gets them, so that their routes require minimal subsonic travel time over US soil. Being subsonic over land will keep the AS2 from falling foul of noise regulations, though it will be a more expensive option over the US than subsonic jets. However, the time gain that the AS2 promises will be more than enough to justify both the price tag and the fuel burn for those for whom time is a scarce and precious commodity. "If it matters to your business to be two hours ahead of the competition, then this model works for you," Nichols says.

Nichols thinks that the probable route Aerion will take with the initial engine choice for the AS2 will be to build the engine around an established core, with a bypass ratio of around three. "At this level we know we can satisfy

Stage 4 noise requirements while maximising our range inside the legislated envelope. There is no question but we could get a lot more range if we did not have the noise issue to worry about. However, we are working with what is, not with how we would like things to be," he notes.



In addition to picking an appropriate core and modifying it to suit, Aerion will need a smart fan and some very sophisticated metalurgy work, since the engine will run at higher temperatures for longer periods than conventional jet engines. But again, all the basic engineering for this is already in use every day in military jets that hurtle along at high Mach numbers.

"We have two speed points where we get the kind of range that we are looking for. One is at Mach 1.4, which the AS2 will do over water or across land in China, for example, where they do not have sonic boom regulations, and the other is at very high trans-sonic speeds, around Mach 0.95, where we get great efficiencies," he notes. The end result will be the AS2 shaving two to three hours off trans-Atlantic flights and up to six hours off trans-Pacific flights.

Nichols can't praise Airbus highly enough as a partner. "They have just been a tremendous force to help us advance this programme. Working with Airbus has been the watershed event that allowed us to move the AS2 out of the design dream and into the engineering and launch stage. Our collaboration agreement with Airbus is extensive. They are committed to helping us through the multiple phases to get the aircraft certified and into production. As we advance the programme we'll have discussions on what Airbus's role will be in helping us actually manufacture the jets on the production line. Our plan calls for producing three AS2s a month once we have manufacturing rolling, but we are planning for



It is going to be a very comfortable and luxurious cabin for a four to six-hour flight, as greater speed makes for shorter flight times.

the facilities to go to four and even five if market demand justifies it," he comments.

One of Airbus's many roles is in the fabrication of the AS2's composite fuselage and wings. "Airbus has extensive experience in composite fuselage and airframe manufacture; they've already made great progress in designing airframe structures at Airbus Defence & Space in Spain," Nichols says.

The agreement between the two companies provides for Airbus to take design responsibility for all the tightly integrated aero structures, which include the fuel systems, the fly-by-wire, the landing gear, fuselage and wings, Nichols explains. "Airbus is clearly a world leader in advanced composites and aero-structure design and fabrication, so they are taking the design lead on this. Aerion will be the fundamental integrator for the aircraft, which includes all the aerodynamics. Our engineers and aerodynamicists are the best in the world and we are very confident in our ability to deliver on this side," he adds.



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Relax and get ready for departure!

Aerion is already conducting studies to find a location for the final assembly site for the five aircraft it plans to build for the certification and flight testing process, and also for series production.

So is Nichols confident that Aerion can deliver on the timeline he has sketched out, with first flight in 2021 and first delivery to Flexjet in 2023? "Absolutely," he says.

"We and Airbus spent a considerable amount of time examining all the activities that are required to move the AS2 through the critical design review stage and on up to the integration of the engine with the airframe, first flight and ultimately, certification. We have collectively vetted our schedule and we know it to be robust, so we have a very high degree of confidence in the timeline that we have made public. There is a tremendous amount of energy going into putting the stages of the next phase into place, both in the US and Madrid," he comments.

"Right now we are looking to a hard launch by the end of 2016, with decisions over the engine being absolutely key to this."

INAIRVATION, a joint venture between Lufthansa Technik and interior components fabricator F/List, has been awarded the interior



design contract. Nichols points out that INAIRVATION preferred partner Design Q, headed by CEO Howard Guy, already has a full-scale wood and foam mock-up of the AS2 in its workshop, from the front of the flight deck to the aft pressure bulkhead.

"On the ramp the AS2 will have a fantastic presence, with its long, dart-like shape, but

when you go into the mock-up you see that it is really spacious inside. It's like a G450 or Falcon 900 in cross section, in fact wider as you move aft. It is going to be a very comfortable and luxurious cabin for a four to six-hour flight, as greater speed makes for shorter flight times. We're getting to our destinations a lot faster than conventional business jets," Nichols notes.

So is this a fresh start for the supersonic age of commercial as well as business aviation? Nichols points out that the economic imperatives for a commercial airline are very different. It is hard to imagine the same premium being placed on time, to justify the ticket prices an airline would have to charge. However, with some airlines already dipping a toe in the water as far as offering business jet style cabins to those willing to pay for the luxury, anything is possible.

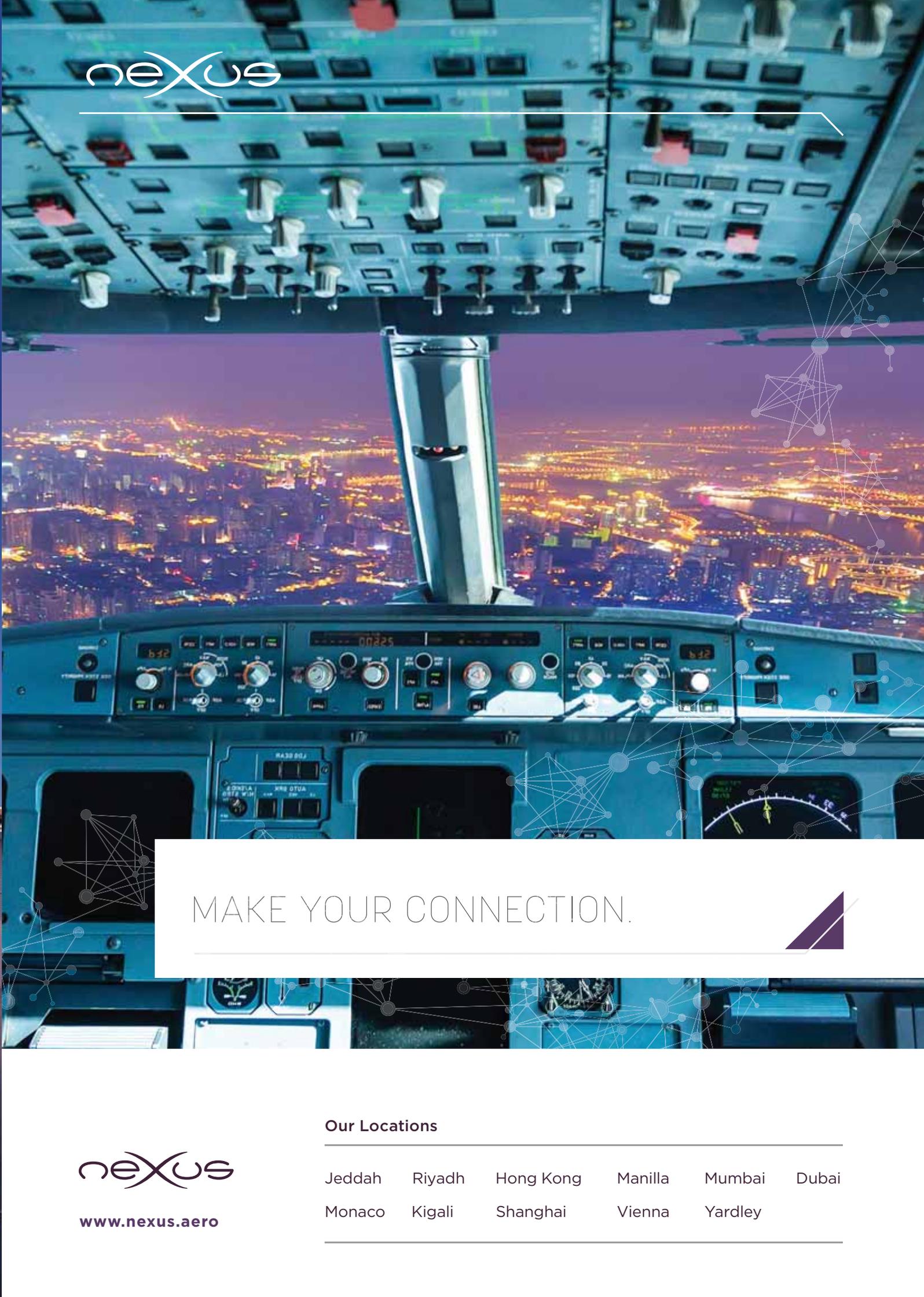
Nichols says that Aerion's sales team are having conversations in every direction, with emergency evacuation and government special missions being two possible avenues where buyers might emerge. Some high net worth individuals and Heads of State may well find the AS2 irresistible, while a few freight companies may well want to think about same day deliveries between continents using the AS2. This is certainly going to be a project to watch... ■



Working with Airbus has been the watershed event that allowed us to move the AS2 out of the design dream and into the engineering and launch stage



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Bigger & better

JetSuite CEO Alex Wilcox on his decision to upgrade to Phenom 300s

JetSuite CEO Alex Wilcox is a firm believer in the light jets charter market. His company is consistently rated in the top four or five US charter operators in terms of number of hours flown and JetSuite's results prove that his business model – which includes a vigorous approach to selling discounted 'empty legs' – works.

By his own account, he got into the light jets charter market at the peak of the hype surrounding the very light jet (VLJ) segment. "You could almost believe the hype at the time that every garage would be sporting a VLJ," he recalls. That story vanished in a puff of smoke when the global financial crash of 2008 took

hold, but the demand for competitively priced short-haul charter did not go away.

The story of JetSuite's early years was covered in EVA's NBAA 2014 edition. This time around we spoke to Wilcox about his decision to add ten Phenom 300s to his fleet of Phenom 100s through 2016.

Q: When we last spoke, your business model was absolutely focused on going to the pre-owned market for all your fleet acquisitions. Will you be holding to this model for your Phenom 300 purchases?

A: Absolutely. As we acquire the Phenom 300s we will slowly phase out our Cessna CJ3s and we will be looking to the pre-owned mar-

ket for all ten of the Phenom 300s that we intend to buy in 2016. We like pre-owned aircraft. They are a vital part of our business model. We can repaint them and refurbish them so that the customer sees no difference between them and brand new jets straight from Embraer. However, while the customer sees no difference, our balance sheet certainly does! On the Phenom 300, across all ten aircraft, the difference to our balance sheet is likely to be of the order of \$20 million in our favour.

Q: In moving from the Phenom 100 to the Phenom 300 you have clearly given time for the larger light jet to prove itself and its reliability. What do you think of Honda's

brand new entrant to the light jet segment?

A: As far as we can tell, the Hondajet does not really do anything different from the Phenom 300, while since it is a brand new product, the jury is still out on its reliability – and of course there is no pre-owned market in Hondajets yet. I am not a fan of taking a pioneering position as the launch customer for a new model jet. Reliability and known, proven lifecycle costs are fundamental to our business model and we have to see these develop over time before we take a position.

The Phenom 300 has proved itself to be a world-class light jet. Another important factor is that when a pilot has certified on a Phenom 100, he's good to go on a 300 as well, so that makes the choice of upgrade a no-brainer for us.

However, in January 2016 we will be announcing the addition of a larger jet to our fleet to cater for longer trips. With the addition of a larger aircraft, our business model will still be solidly in the light jets category, and of



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course the repositioning costs on a larger jet are substantially higher than for a light jet – but you charge more by way of compensation. We are adding new customers every day, so I am confident that our model really works and will continue to do so.

Q: When we last spoke you had what sounded like an excellent system on your Facebook page for selling your empty legs. How is that working out?

A: We have created a detailed wish-list of functionality on our empty legs system, so that anyone wanting to fly at a bargain price can readily find a flight that matches their requirements. We have some 60,000 subscribers to our system on Facebook and we sell probably around 20% of our empty legs. When you consider that these are posted the night before the flight, that equates to a very successful marketing tool for us.

Q: How optimistic are you about the state of the charter market in particular and business aviation in general as we go into 2016?

A: In my view, from a health perspective, it's good and getting better. Oil is very helpfully priced right now. We are seeing some shakeout and consolidation in the OEM market, but that is to be expected. We are huge fans of Embraer. We love the reliability of their fleet. In my opin-

ion, the quality of their support and engineering will, in time, enable them to dominate the business aviation industry. In some categories they have already surpassed Gulfstream. If Gulfstream's products are like Ferraris, Embraer's are like Fords – they just run and run.

Q: Your model has been very successful, as shown by your fleet utilisation figures. What do you put that down to?

A: I see new business models emerging all the time in the charter market. Some of these, launched by our competitors, are based around the concept of an annual fee. With us, you put money into your JetSuite account and the only thing that depletes your balance is when you actually fly. There are no member fees to shrink it. Our model is about private flying and this is all you pay for.

Q: I see you have signed a partner agreement with Kenny Dichter's Wheels Up to provide lift where Wheels Up members have a group that is larger than four?

A: Yes. Of course, we provide a jet whereas Wheels Up is providing members with a King Air 350 turboprop. There is no comparison between a King Air and a Phenom 300. However, the arrangement holds out promise for both parties. We are keen to see any solutions that expand the number of people opting to fly private rather than scheduled airlines. ■

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Jordan

The CEO of the eponymous and justly famous California winery, hasn't been a passenger on a jet in 11 years – he flies his own G3. By Margie Goldsmith

John Jordan, CEO of Jordan Vineyard & Winery, was born on May 25th 1972 – the same year his parents bought a parcel of land in Healdsburg, in California's Alexander Valley. His parents knew nothing about wine (his father was in the oil business) but they'd fallen in love with French wine and hoped to replicate in California some of what made the French wine regions special. Seven years after buying the land, Jordan's parents moved the family from Colorado and created the Jordan Winery in Sonoma County's world-class wine region,

As a young boy Jordan loved creating model airplanes, and as a teenager, he wanted to learn to fly. By the time he left boarding school for college, he'd earned several aviation credentials. Graduating from Occidental College, Los Angeles in 1995 with an economics degree, Jordan went on to earn both his law degree from Santa Rosa's Empire College School of Law and his Master of Business Ad-



ministration degree from the University of San Francisco in 2002.

After passing the California Bar, Jordan joined a Santa Rosa law firm, and two years later he opened his own private firm focusing on marital law and civil litigation. When he was just 33 years old, Jordan's father asked him to take over the winery. Jordan, who always knew that wine would be part of his future, moved back to the Sonoma County property and spent the next four years transforming the winery's facilities, business practices and culture to address the competitive pressures of

the wine business in the 21st century.

Committed to preserving the foundation on which his parents had successfully built the brand, Jordan has re-energised and elevated the winery's relentless commitment to quality in every aspect of the business, from championing new fruit-sourcing and implementing energy-efficient roofs and solar arrays, to recycling water. In 2010, he co-founded a software company, Labrador Omnimedia Inc, which specialises in digital wine list solutions for restaurants.

Jordan is also a philanthropist, and in 2012, he created the John Jordan Foundation to increase educational opportunities for the disadvantaged, combat the negative health effects of poverty, and encourage entrepreneurship through mentoring and microloans. The foundation has aided more than 80 educational and vocational programmes in California and touched hundreds of thousands of children.

He speaks German and Russian, and serves as a professor at the Empire College School of Law.

We have a variety of experiences: tastings, tour tasting and during the summer or fall, a half-day estate tour and food and wine during evenings throughout the property



Q: As a child, what did you want to be when you grew up?

A: I don't think I gave it a lot of thought. I was always one of those young people that made the decision to try to rack up as many credentials as I could so I would be in a position to be whatever I wanted.

Q: You were seven when your parents came to Sonoma with no experience in wine. How did they think they were going to succeed in creating a winery?

A: Well, at the time, the wine industry was very young in California and most wines were made in Napa. They thought there would be a market for one emphasizing balance in the true Bordeaux tradition and they were proven correct.

Q: When you were only 17, you began earning all your ratings: Private Pilot Certificate, Commercial Pilot Certificate with Instrument and Multi-Engine Ratings, and type ratings in Gulfstream and Citation aircraft. You later earned an Airline Transport Pilot Certificate. Is that normal for a 17-year-old kid?

A: You don't get them all at once – it takes years. I started when I was 17, but by the time I was finished, I was 23 and had finished college.

Q: Did you plan to be a pilot? Or was this you trying to rack up various things?

A: I was trying to rack up various things. I never thought that I was going to be a pilot for a living.

Q: You graduated in 1995 from Occidental College in LA with an Economics degree. Why Economics?

A: It's a mathematically based discipline and it is a good basis for any number of professional pursuits.

Q: And in 2002, you received both your law degree and an MBA degree at two different universities. When did you have time to breathe?

A: Well, I was working when I was in law school too. I was doing my clerkship, my law internship.

Q: So you next worked for two years at the law firm with whom you had clerked, and two years later, opened your own private law firm in Sonoma?

A: Yes. Also during that time I was commissioned as an Officer in the Naval Reserve where I did some logistics and then, later, intelligence – that was the only place I could go where somebody called me 'sir' without adding, "We are going to have to ask you to leave!"

Q: Then, a year later you left your thriving law practice to oversee day-to-day operations for the family winery. How did that happen? Did your father ask you to do it?

A: He asked me to do it and then I acquired the winery in 2006.

Q: What changes did you make when you did come in?

A: We created a number of things. We launched a product quality improvement programme. The brand equity that Jordan had had in the 80s was geared toward the baby boomer generation and they were getting older, so we wanted to replace those customers and make Jordan relevant to a different generation. A big part of that was a heavy emphasis on social media and storytelling. We also revamped and improved our visitor experience.



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Q: I understand there is an elegant chateau on the property, offering one of the best tastings in California. Did you change anything about that?

A: We thoroughly overhauled the visitor experience here. The building is still the same. We did some modifications to the site and now we welcome visitors by appointment. We have a variety of experiences: tastings, tour tasting and during the summer or fall, a half-day estate tour and food and wine during evenings throughout the property.

Q: What is a typical day like for you?

A: It varies. I write for Fox and as well as other political publications; and I'm a part-time talking head on TV and radio. I also have a software company, and a number of business

restaurant operators who otherwise would have to constantly reprint wine lists and change them to not have to do that. Moreover it allows the sommelier to suggest further wine pairings. It basically allows the sommelier be at every table. The presentation of food and wine is highly customisable by the restaurant operator. It has POS (point of sale integration) and, for example, if you want to change the wine list, the food and beverage manager can change what appears on the wine list on his or her iPhone or iPad without having to reprint a list - and it syncs to all of the iPads in the entire restaurant within five minutes.

Q: So is there an iPad sitting at each table?

A: Yes. It is a replacement for a wine list for use by the guest.

prove our core product and continue to ensure our visitor experience is the industry standard.

Q: And do you intend to add more visitor experiences in the future?

A: Maybe. You never know. I mean I am a very creative guy. There is nothing on the drawing boards right now but that can change very rapidly.

Q: You also speak German and Russian. How did you happen to learn Russian?

A: As a child, when I had nannies, and then in college. I have German friends and Russian friends, so every week I use these languages for something.

Q: You are Professor at the Empire College of Law?

A: I teach part time there.

Q: What about some of your other businesses?

A: I am on the board of several other companies. I also write some Op Ed pieces.

Q: What is your management style?

A: Basically I try to get the best out of each person every day. A leader that has to shout, intimidate and bully employees has already failed as a leader. A really good leader is somebody that extracts the very best in creativity and effort in those he works with.

Q: You said, "It's not enough to do well as a business; you must also do good." What did you mean by that?

A: It is one thing to be successful and it is another thing for your life to have meaning. It is a privilege to be successful; and it is important to turn the blessings that you have been given into blessings for many.

Q: In 2012 you created the John Jordan Foundation. Can you talk about that?

A: What we try to do is address socio-economic mobility. For example, obviously there are segments of our society that have limited socio-economic possibilities; we run the risk of having an underclass in this country. What we try to do is address that by providing oppor-

It is a privilege to be successful; and it is important to turn the blessings that you have been given into blessings for many



interests beside the winery, so each day is different. The winery is interesting because there are so many things that go on here in a typical day, everything from chefs to culinary to overnight hospitality with visitors, official media, to production, farming and accounting - there are so many different functions here, so each day is unlike the one that precedes it.

Q: You founded a technology company that specialises in digital wine list solutions for restaurants. Can you talk about the wine list app?

A: It is called TasteVin and it allows

Q: And what is the culture of Jordan Winery?

A: I endeavour to wring the office politics out of everything. So if you see that a decision that I or one of your co-workers have made is wrong and you don't say anything, you are accountable.

Q: Where do you see Jordan Winery in ten years?

A: Right here in Alexander Valley. It's not possible for us to make more wine out of the existing facility. So, basically I just see Jordan continuing its ongoing quest to continually im-

tunities, for example, everything from enrichment opportunities in lower income schools, pediatric dental care – believe it or not that is a big issue – and of course, bringing technology into classrooms.

Q: You own a G3?

A: A G3 and a TBM 900.

Q: How often do you use the G3 and why?

A: I use the G3 often for longer range trips and also for customers during the summer and fall. I'll go to different cities and bring an airplane load full of food and beverage managers and other customers back to the winery. I bring them here to immerse them in all things Jordan, and hopefully make a few friends along the way.

Q: When did you buy your G3?

A: In 2006.



Q: If you were due for an upgrade for your existing jet, which OEM and which model would you most likely choose?

A: It would be a G4.

Q: Is this something you are considering?

A: Down the road – you never know. What really holds me back from the G4 is you have to have a type rating for every jet. And school for a G4 takes three weeks; that's a big hole in my life, schedule-wise.

Q: Have you refurbished your G3 in any way?

A: We did the interior and we had to do the hush kits.

Q: Could you fly the G3 yourself?

A: Yes. I am Pilot in Command qualified.

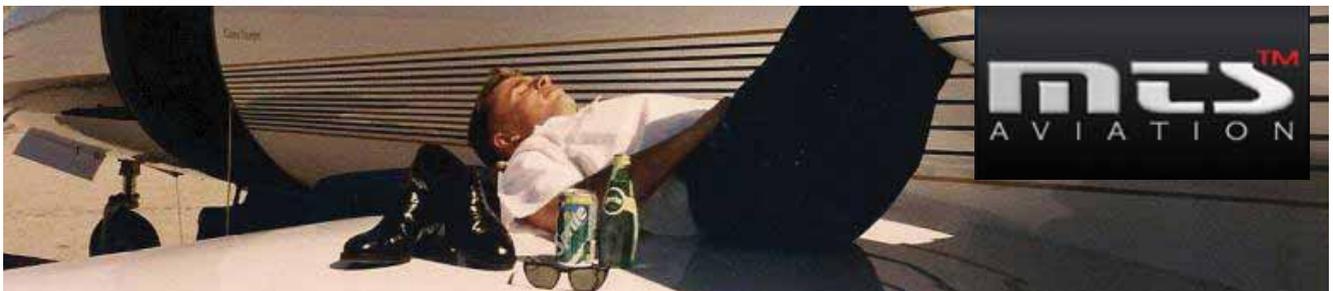
Q: Do you normally fly it?

A: I never sit in the back. Never. I always fly. I haven't been a passenger on an airplane in 11 years.

Q: What is the most thrilling thing about being pilot of a jet?

A: My favourite is the quiet and flying over the ocean.

Q: When you are visiting a new destination, do you leave the decision of which FBO you will arrive at to your flight ops team and/or



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pilot, or do you have your own preferences?

A: That decision is made by our Director of Aviation.

Q: Do you have preferences for onboard catering on longer flights or do you leave that to your team to decide?

A: I leave that for my team to decide as they know my food preferences.

Q: Is an onboard meal just something to get out of the way or do you expect it to be to the highest standard? A gourmet occasion?

A: It depends on who is on board and what I am doing. Most of the time I eat in the cockpit. So as long as I can eat, I am happy. I am very particular about what is served to customers or guests, however.

Q: How much of a concierge service do you expect from your flight department as far as hotel accommodation, transport and other logistic issues go?

A: They help with ground transportation but most of the time my assistant organises non-aviation logistics.

Q: Where do you keep your plane? Do you have a facility onsite?

A: Yes. We are in Santa Rosa. I share a hangar and that is also where I keep my TBM 900.

Q: And is the aircraft managed by you or a third party?

A: By us, internally.

Q: Do you put your aircraft out to charter?

A: No.



Q: Tell me about the TBM900.

A: It's the hottest little thing in the private airplane market right now. It's just an extraordinary product. I have had only issue with it: one of the drink holders came loose. And that is remarkable.

Q: Where do you take it?

A: I fly by myself. My mom lives in Santa Barbara so I use it to get my mom or if I am just going someplace by myself, to do a radio or television appearance or something else in California. I just take the TBM [on these trips] because going from Northern California to

Southern California, there's almost no time advantage going in the Gulfstream.

Q: When did you get it?

A: I got it in December of 2014 so there is no reason to change anything but I am, however, thinking of painting it as a pterodactyl.

Q: Why a pterodactyl?

A: Because it would be awesome.

Q: What is the biggest business mistake you ever made?

A: I live in fear that one day I will have a story like that.

Q: What is the smartest thing you've ever done in business?

A: Emphasised people and culture first at work. If you can get personnel right, you don't have to be really good at too much else. Personnel has always been a strong point for me.

Q: What is the most important lesson you have learned in business?

A: Just because you are the boss doesn't make you always right - you have to hire good people and listen to them.

Q: What do you want your legacy to be?

A: That I was successful and made a big difference for other people and for my foundation. ■



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Taking the risk out of charter

An interview with Art Dawley, CEO at Wyvern

In October 2014 Avinode sold safety audit specialist, Wyvern, to Nexus for an undisclosed sum. The company had been acquired by Avinode as a by-product of its acquisition in 2010 of rival online charter information provider, Charter X. At the time of the sale Wyvern's CEO, Art Dawley, had been in his post for around a year. While Wyvern did well enough under Avinode's stewardship, the transformation of the company under Nexus has been little short of spectacular.

"In the space of a year we have doubled our head count, gone from two offices to nine around the world, and had our marketing budget tripled. I expect to see a very significant improvement in our results from this in terms of our growth through 2016," Dawley says.

Q: How would you describe Wyvern's core mission?

A: Wyvern's core mission is to provide end users of aircraft charter services with the most up-to-date tools, resources and data they need to assess the risk they run when chartering aircraft or helicopters. Often when people or companies charter, they tend to fix on price as the important factor. What is far more important is the safety, maintenance and compliance record of the company operating the aircraft they are thinking of chartering. Actually, if you are just sending your staff off to foreign countries on the cheapest charter you can find, that can come home to roost in a very bad way if something goes wrong. Our audit provides prospective users with a high level of reassurance and helps them to meet their duty of care that the law places on them. As such it is also a strong marketing plus for the operators we audit.

In addition, Wyvern looks to provide comprehensive safety management solutions to

corporate and charter flight departments. For this we use a 'Safety-as-a-Service' platform which provides top-to-bottom management of company safety processes and systems.

Q: What exactly does the fact that an operator has passed a Wyvern audit give to charter customers?

A: A Wyvern audit confirms whether that charter company has embraced safety management as a core business practice. In addition, the operator must provide evidence that industry best practices have not only been documented but effectively implemented. Lack of implementation is probably the biggest generator of non-conformities in our audit process. There is lots of 'window dressing' in the marketplace but demonstrating full commitment to safety management, unfortunately, is the exception, not the norm. This is why the Wingman preferred vendor pool of charter operators is much smaller than our competitors'. It is a standard that is much more difficult to achieve.

Q: Shouldn't potential customers be able to assume that operators are safe based on government compliance requirements?

A: You need to be aware that FAA compliance is not the highest bar, as it were. It is the minimum level of com-



pliance placed on an operator. To date it does not even mandate implementation of safety management systems (SMS) as a regulatory requirement. Our requirements are almost entirely based on commitment to effective safety management through a comprehensive and well-documented SMS that has also been proven to be fully embraced throughout the organisation.

Q: What do you say to the fact that passengers do not audit an airline every time they buy a ticket? A lot is taken on trust.

A: That is true, but it is true because there is no audit for commercial airlines out there in the public domain. If the ability existed to vet mission-specific flights by assessing the pilots, aircraft and organisation, as Wyvern does with its PASS report, I would guess business travellers would embrace that as a standard operating procedure. I know I would!

Q: What is involved in a Wyvern audit?

A: Generally speaking the Wyvern audit is typically a three-day assessment conducted by a two-man team that have subject matter expertise in flight operations and aircraft maintenance. The audit itself begins at 9:00AM the first day with an inbrief meeting that is attended by organisational post holders and upper level management. Expectations for the conduct of the audit are discussed by the Wyvern audit team and agreement is reached on how the process will be conducted and with whom. All three days are typically 9:00AM to 5:00PM, leaving adequate time at the end of the third day to discuss observed findings and non-conformities against the Wingman benchmark. The organisation is given a documented list of those non-conformities along with guidance on how remedial action should be conducted.

Q: You've said that a Wyvern audit is a "living audit" rather than just "a snapshot in time".

A: The Wyvern audit requires an operator to continually provide current and verifiable data on pilot experience, aircraft maintenance status, insurance levels and FAA documentation. In addition, we require that Wyvern be notified within 48 hours in the event of any incident or accident of an aircraft, or when an

investigation or enforcement action has been initiated by the aviation authorities of that country. In the US this information is publicly accessible through the Freedom of Information Act (FOIA) and Wyvern has expertise in gathering that type of information on a very timely basis. In other words, if these situations aren't reported we will discover them. We have significant challenges in verifying data in certain other regions but our Support Team is pretty good at vetting that data.

Q: What do you mean by that and why is it important? Why isn't it enough that an operator is IS-BAO-compliant (IS-BAO is the International Standard for Business Aircraft)?

A: Although meeting the IS-BAO benchmark signals a higher commitment to safe operating practices, it does not require specific information about the organisation – which Wyvern requires to provide flight-specific information generated for its customers with its Pilot and Aircraft Safety Survey (PASS Report).

Q: Is the current regulatory environment in the main US and European jurisdictions satisfactory?

A: Yes, both the FAA and EASA have a comprehensive oversight and accountability structure. Additional resources to provide more proactive guidance from inspectors towards safety and industry best practices in lieu of what many might consider unnecessary and intrusive inspection activities would be most welcomed, I'm sure. Better training for inspectors in both authorities (FAA and EASA) in the field of safety management would be a great first step.

Q: Should charter customers be more concerned about the safety of operations in the so-called emerging markets of Asia, Latin America and the Middle East?

A: Yes they should. Generally speaking, operators in emerging markets pose more risk as a result of many things. Lack of effective oversight from authorities, lack of effective training, little accountability structure and other risks abound. That being said there are several examples that I can think of where one has a smattering of world-class operators in these regions.

Q: Is regulation and safety compliance adequate in those parts of the world?

A: Much of the regulatory structure in these countries has been developed from ICAO Annex 6 guidance, with much of the subject matter pulled from FAA, UK, EASA and Canadian guidelines. Safety compliance is much more difficult to assess from our viewpoint because, although possibly well resourced, many regions and their operators continue to suffer from a lack of experienced pilots, mechanics and support network.

Q: Are you seeing changes in the sort of requirements that major corporations now have when it comes to choosing a charter provider, such as minimum insurance levels and minimum experience levels for pilots?

A: Most of our corporate clients have experienced flight department and risk managers that turn to Wyvern to provide safety and risk assessment data. We in turn provide them with effective tools to evaluate third party operators that are used when outsourcing charter. We count several Fortune 100 companies that rely on us for that information.

Q: How can customers be sure that Wyvern's audit process is completely independent?

A: Wyvern's audit process is benchmarked against the IS-BAO standards and recommended practices. Most of our operators elect to certify with IS-BAO in addition to our own independent certification of operators benchmarked against the Wyvern Standard. This has additional requirements beyond the IS-BAO standard. However, the quality assurance and subsequent approval for IS-BAO comes directly from the IBAC organisation, not Wyvern.

Q: What sort of fail-rate do you have, i.e. how many operators do not meet your standards at first and have to be re-audited?

A: Most operators that subscribe to the Wyvern audit have a reasonable expectation that they will pass the audit. The standards are published on our website and benchmarked primarily against IS-BAO with very comprehensive and measureable commitment to safety management. Our Wingman pool of preferred and certified vendors is not as large as other

competitors' because it is much more challenging. This is the reason we count top Fortune 100 companies, US government contractors and multi-national institutions as our top clients. They know they can rely on the quality and safe operating practices of our Wingman pool of preferred air charter vendors.

Q: How much of a problem is illegal charter in the so-called grey market? What sort of risks are customers taking when they fly with such operators? For that matter, just how risky is it to fly with an operator that has not been audited by Wyvern or another recognised auditor?

A: There are many high-quality operators that have not been audited by Wyvern or IS-BAO qualified. The question any risk manager needs to ask when assessing a charter operator is whether they have exhausted all reasonable resources available to define the lowest level of acceptable risk for the end users they represent. If an operator has not been audited by Wyvern and has not provided current and verifiable data on its operation, pilots, mechanics, etc, the question then becomes, "Have all reasonable avenues to mitigate risk to its lowest level of acceptance been accomplished?" We strongly feel that if you don't have the best safety intelligence data in the industry that allows the end user to assess the operator, its pilots and aircraft, then the "reasonable avenues to mitigate risk" have not been utilised.

Q: Several companies are now offering the prospect of direct online booking of charter flights (i.e. without a broker being involved). Does this raise concerns as to how customers can be sure they are booking with a safe operator?

A: We are well aware of the proliferation of these online booking companies. None are our customers and unless they have access to the information we generate in our program, they have no way of confirming any information, particularly that of a Wyvern Wingman.

Q: Is there a danger that customers may be naïve or ill-informed about who they are booking a flight with?

A: Of course there is. You generally don't hear about many of them unless a high-profile person or group has been involved. A quick Google search would highlight many high-profile worst case circumstances.

Q: Is it better to have a broker involved in the transaction?

A: If that broker has proven their commitment to working with operators that have a proven track record through audit processes then the answer is that they can be a very valuable resource. Any end user should ensure that the broker they are considering should have several years of experience in the industry and that has also made the commitment to safety the core mission of what they provide their customers. Unfortunately for many in the industry this is not the case.

Q: What trends do you see in the charter market?

A: One of the trends that has greatly affected the market from our standpoint is the consolidation of small operators into much larger entities. With greater economies of scale comes a much greater need to provide effective oversight of larger fleets. In many cases, larger operators have several outstations or satellite facilities, and providing that oversight without compromising safety is a primary concern of ours.

Q: How healthy is the market and what do you see unfolding in the coming year or so?

A: We see the charter market as one with many challenges ahead. As several CAAs (civil aviation authorities) across the globe begin to mandate greater commitment to safety, training and quality management it will come at a cost. Identifying those operators that don't compromise in these areas will be our goal. With significantly more resources provided by our new ownership group to find these operators we expect the Wingman pool to grow - but there will be absolutely no

compromise in what the Wingman Standard continues to require. This has always been the core mission to our Fortune 100 clientele and other end users that expect this of Wyvern.

Q: What changes would you like to see in the charter sector and how might this change happen?

A: I would like to see a global standard that allows for standardisation of aviation regulations across the globe. In many countries only one regulatory standard exists for operators, making no distinction between private and commercial operators. Obviously many challenges exist with that concept but if all operators were expected to comply under the same set of regulatory guidelines it would allow for greater focus on safety and quality issues.

Q: Tell us how you are developing your business and services to ensure that they remain valuable to your clients.

A: Wyvern long ago recognised the need to evolve its core safety surveillance data products and services. Providing end users all important information about all relevant aspects of a Wingman charter flight is our goal. To date we have the industry's most respected data products and services, but we expect to take this to a whole new level. We are committed to developing a new data platform that will be unveiled in the coming year and will revolutionise the way the risk around charter flights is assessed. The goal of providing the information on a real-time basis and across all mobile platforms will allow any user easy access to this information.

In addition to evolving our data platform we have developed a 'Safety as a Service' concept that allows organisations, particularly those that have limited resources, to outsource certain safety training and reporting activities to us. This allows for daily and comprehensive management of safety tasks that are part of the company SMS, which in turn allows flight department personnel to better focus on safe operating practices. ■

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Making wishes happen

EVA takes a look at Icelandic firm, IGS Ground Services



The Icelandic ground handling company, IGS Ground Services, has its own, wholly-owned cargo terminal at Keflavik International Airport. As the company's ground operations and cargo director, Guðjón Skúlason, explains, the company has over 35 years of experience servicing a wide range of airlines and private jets.

"We can provide all the aircraft, cargo and passenger services a corporate, head of state or high net worth individual's private jet might require. We offer general aircraft handling for scheduled, charter, VIP and private flights and we own all the cargo equipment necessary for the safe and efficient loading and unloading of all types of aircraft. We have made a policy of

investing in the best available technology to provide the highest quality of service to our customers," Skúlason says.

He points out that IGS is proud to be the leading provider of ground services at Keflavik International Airport. The company consists of three units, aircraft handling, inflight catering

IGS's comprehensive catering service for business aviation is available through its "Gourmet Team". "The IGS Flight Kitchen is one of the largest industrial galleys in Iceland and has been providing specialized in-flight meals for over 40 years," he comments. In recent years the catering wing has moved into the provision of providing meals to corporates and schools, which has enabled it to better utilize its state of the art facilities and to provide top quality cuisine for busi-

ness customers at all hours of the day and night.

"The Gourmet Team are able to offer a selection of courses, emphasizing the freshness of the ingredients. There is everything a discerning client could want, with menus of from three to seven courses tailor-made to the client's wishes."

"A typical feast-in-the-air might consist of Hors d'oeuvres, offering goose paté and smoked breast of duck with spiced cream cheese and berry jam, or French baguettes with various topping and marinated shrimp or Teriyaki lamb kebabs. The Entre could be fresh vegetables of the day with spiced dips, while the main course could be a choice of grilled fillet of Icelandic organic lamb with fresh aromatic herbs, garlic-rosemary sauce, fresh vegetables, fingerling potatoes or other choices as required. The dessert could be chocolate cake with whipped cream and fruit, all served with fine wines," he explains. Orders for the Gourmet menu should be



placed 24 hours before departure.

Skúlason points out that in co-operation with IGS's sister company, Air Iceland, IGS is able to offer ground handling services at all major domestic airports in Iceland. "Our aim is to make IGS the client's preferred partner when crossing the Atlantic," he comments.

The cooperation with Air Iceland means that IGS can provide services at Reykjavick, Akureyri and Egilsstaðir, with all requests being processed centrally IGS at Keflavik International Airport and all invoices coming from IGS, giving the client the convenience of a single central point of contact for services across multiple airports.

"Our vision is to be a leading provider of ground handling services at Keflavik International Airport, as well as at our other service locations. We focus on offering clients short turnarounds and efficient services at competitive pricing," Skúlason concludes. ■

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Staying safe

Personal security outside the jet,
by Anthony Harrington

Ed Hill, Director of Operations,
ETS Global Risk Management

Travel tends to be an integral part of life for just about every individual and every corporation that owns a private jet. If it wasn't, what would they need the jet for? It is a highly expensive object to leave idle on the ramp, month in and month out. However, with increased travel comes increased risk. Many high net worth individuals are already pretty 'savvy' about their own personal safety, but mitigating risk should not really be a DIY operation, especially if you are flying into an area that you and your team do not know particularly well – or at all.

There are a number of companies that specialise in providing travel security consultancy and travel security support. These operations are regularly consulted by a wide range of clients, from NGOs and universities, to companies who have to send their staff to distant parts of the globe. They also provide services to wealthy folk who need or want to fly pri-

vately to potentially dangerous destinations.

Actually, of course, as the recent terrorist attacks in Paris demonstrated once again, risk is everywhere, not just in the more notorious areas of Rio, Bogota, Kinshasa or Lagos. As Ed Hill, Director of Operations at Explorer Travel Security (ETS) Global Risk Management, explains, even companies using standard commercial airlines to send executives to distant destinations need to ensure that they are fulfilling their duty of care to employees. Among other things this means ensuring that they are properly briefed on how to stay safe – or at least minimise risk – once they leave the safety of the airline and the airport. The same is true for executives travelling by private jet, be it a charter flight or the company's own jet.

High net worth individuals travelling in their own jet on their own business do not fall under the same corporate duty of care regulations with respect to their own persons, but these regulations most definitely come into play for

any staff involved. They may be travelling with personal assistants or employees, or flying with their own crew, rather than a crew provided by the aircraft management company.

"What anyone who can be deemed to be responsible for the journey being made by others needs to ask themselves is: if there was a serious incident, be it a criminal, terrorist or health incident, what can I produce to show that I fulfilled my duty of care to those for whom I had responsibility?" Hill says. If the answer is "not much", then the spectre of corporate manslaughter charges against the individual concerned could well raise its head. At the very least, expensive litigation could follow, plus there is the personal discomfort of knowing that staff may have been injured or worse because due care was not taken to ensure that they were properly briefed on the hazards of foreign travel.

Clearly, taking in-depth advice from a travel security consultancy and having that consultancy provide online or on-site safety tuition to staff about risk mitigation when moving about in a strange city would constitute quite a strong defence. However, ETS and other travel security consultancies do a lot more than this, providing everything from intelligence-based analysis of the risk profile of any trip, to comprehensive close protection, if that is what is required.

"When we meet with a company or the representatives of a high net worth individual what we are looking to do is to address the whole gamut of risks that can occur once that individual or those executives step out of the private jet," Hill explains. "We're looking to protect them and their staff against everything from opportunistic crime, to people who want to extort money from them or their organisa-

tion. Clearly while overseas travel increases a company or an individual's business opportunities, it also increases their vulnerability. We look to put together a bespoke package tailored to their circumstances," he comments.

By definition, these kinds of arrangements always have to be crafted afresh in each instance to meet the specific needs of the individual or company. "A template that works in one case will not be suited to a different individual or set of circumstances. Everything we do is intelligence-led, and is based on our detailed understanding of the factors relevant to that specific destination and the individual's intentions and travel plans," he says.

The popular conception of executive protection is an armoured four-wheel drive vehicle collecting the individual from a well-vetted FBO, accompanied by a squad of highly capable, former special forces folk. Sometimes that

If there was a serious incident, be it a criminal, terrorist or health incident, what can I produce to show that I fulfilled my duty of care to those for whom I had responsibility?

Ed Hill



It is common in this industry for security companies to promise to act to extract individuals in difficulties within 24 or 48 hours

Rick Sheer

is exactly what is required, but such a high-profile security umbrella wrapped around the client can, on occasion, be counterproductive.

Hill points out that “going big” in that kind of way can sometimes attract unwanted attention and can add to rather than decrease the client’s vulnerability, while a more discreet approach could do the job more effectively. The point is that working off an intelligence-led approach, derived from trusted assets in the destination country, enables the travel security consultancy to match the level of protection to the perceived scale of the threat, as well as to the client’s own sensitivities and requirements. “Some clients want a highly visible security presence around them. For others, the last thing they want is to be surrounded by a squad of large men wearing sunglasses,” he notes.

Hill points out, too, that individuals can place themselves, their families and their property at a heightened level of risk by being too open about their travel plans on social media. A high net worth individual might not have much to do with social media, but his or her children might well be posting daily, if not hourly, to sites like Facebook and Twitter. Again, this is an area of risk that can easily be addressed once everyone has been alerted to what should and should not be posted concerning future travel plans.

“We always talk to people about cyber security as well as personal security. They generally think of cyber security as something their IT people or IT department should be taking care of, but there is a lot they can do personally to limit their exposure,” he notes.

Rick Sheer, Security Manager at travel security and personnel extraction specialist Northcott Global Solutions, argues that corporates and high net worth individuals looking for a travel security consultancy as an adjunct to

their trip planning provider or department should pay close attention to the global reach of any consultancy they are considering.

“It is common in this industry for security companies to promise to act to extract individuals in difficulties within 24 or 48 hours. Of course, if things go really bad and someone is caught up in a terrorist incident, for example, that kind of response time is not much help. We have developed a network of over 7,000 supplier partners over the years



Rick Sheer, Security Manager, Northcott Global Solutions

and this network spans the globe. It means we can have people right at an incident site very rapidly, often within two hours or even faster," he comments.

Northcott is very proud of the fact that it has never had to call 'Force Majeure' on any incident. Force Majeure clauses in insurance and security services contracts are basically 'get out of jail' clauses for the supplier, allowing them to claim that an unexpected and greater force has prevented them from fulfilling their obligations to the client. "We have a 100% success record in meeting our contracts with clients and this is an important consideration for anyone considering travel security," he says.

Sheer points out that on top of all the usual planning and logistics that go into providing travel security, Northcott provides a top-of-the-range tracking service. The systems and platforms that together comprise

its global real-time travel tracking capabilities enable companies to be confident that they can get access to precise information about the location of their executives if there is an incident abroad.

"This information feeds directly in to our operations room and dovetails with our Point of Incident Response capabilities. The tracking system feeds information through to the operations team, enabling them to reach out to whatever assets we have nearest to the incident. Other tracking companies do not have this response capability. So while they can tell you that yes, you have six executives in Paris today, they can't do anything effective about it. As you can imagine, an operations room with both real-time tracking and an ability to react in real time to arrange a rescue or to extract affected personnel from the area, is very attractive to our client base," he notes. ■



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Taking the long view

EVA talks to Jetcraft President Chad Anderson



If you take a step back and look at the fundamental reasons for people choosing to fly privately, everything points to demand simply getting stronger



With steady growth every year since 2008, and with the company's international reach now well secured, Jetcraft is in an excellent position to forecast where business aviation is likely to be in 2024.

As Jetcraft President Chad Anderson told EVA, "We see things from the point of view of both buyers and sellers across the world, plus we get the perspective of various funders, bank and non-bank, who lend to the private jet market. On top of this, we've spent many years studying both the pre-owned and the new-from-the-OEM market, so we decided to pull all this knowledge together into our first ever business aviation market forecast, which we released in late October."

As well as forecasting aircraft deliveries and revenue, Jetcraft also looks at avionics and en-

gine OEM sales to provide an overall picture of the sector. The main 'takeaway' from the survey, as far as aircraft deliveries are concerned, Anderson says, is that we can expect deliveries to proceed at an annual growth rate of about 7.5% year on year, with a potential dip somewhere around 2022, as the next downswing in the business cycle kicks in - if that is when it happens.

"This is a much more sustainable picture than the sharp ramp up to boom and bust that we had in 2007 and 2008," he comments.

The Latin American market is in deep trouble right now. The sharp downturn in global demand for commodities such as iron ore has hammered Brazil's economy. One consequence of this, Anderson says, is that today there are now more sellers of pre-owned aircraft than buyers in Brazil and several other Latin American countries.

"Thankfully, when they were doing very well, South American entrepreneurs were buying very

nice jets with a minimum 4,000 nautical mile range. So the class of aircraft coming onto the pre-owned market from South America is very good," he adds. Jetcraft has recently opened a sales office in Mexico to strengthen its ability to address this market and to move product from South America to areas of strong demand in North America.

"Right now there is more than enough of a price disparity between new and pre-owned aircraft for buyers to see some attractive value in younger pre-owned aircraft," he notes. This price disparity is a big turnaround from the way things were in 2007. At that time an owner of a private jet in good condition and under ten years of age would generally expect his or her asset to go for a premium over new aircraft. The reason for the premium was obviously the fact that the jet was available then and there, whereas anyone buying a new jet would have had to join a long queue, with delivery probably at least



24 to 30 months away.

Another strong point helping the pre-owned market in the US in particular is the ready availability of finance. "There is a lot of cash about. We have a very willing community of financiers, both bank and non-bank. Plus we have the world's largest base of current owners of private jets, and these are the most likely people to be upgrading to bigger and better pre-owned aircraft," Anderson notes.

The US also has the world's largest infrastructure supporting private aviation, with a very large number of airports across the country that welcome corporate traffic, and a well-established maintenance network.

"If you take a step back and look at the fundamental reasons for people choosing to fly privately, everything points to demand simply getting stronger. The client's options are the regular scheduled airlines – and you know they seldom expand the number of locations they go to and never get more convenient to use. Or they can choose to charter, buy fractional ownership or buy their own aircraft," he notes.

Charter is simply a way of dipping a toe in the water, as it were, when it comes to private aviation and many people who charter will end up buying their own aircraft. People may go to fractional as a move up from charter, when they are not flying enough to justify buying their own



aircraft. Or they move to fractional as they retire from their main business and sell their jet because they expect to reduce the number of hours they are flying. This, of course, brings yet another jet onto the pre-owned market, creating another opportunity for a sale.

"All of this means that there is plenty of momentum out there to keep the industry established and growing at a reasonable rate. Growth at little over 7% year on year is a realistic, conservative estimate in my view and reflects the lessons the industry learned during the last bubble. The market could not sustain that level of orders. There were far too many speculative orders going forward at the time, with no meat on the bone behind them," Anderson comments.

One of the most astonishing things to come out of NBAA this year was undoubtedly the announcement by Aerion and Airbus that Flexjet had signed up to buy 20 of the new AS2 supersonic jetliners, despite the fact that the AS2 is, in many ways, still on the drawing board and Aerion has yet to decide which engine it is going to opt for to power the AS2. So what does Anderson think of the fact that private aviation could be on track to see a major game changer if the Aerion/Airbus combination can in fact get the AS2 to first flight by 2021?

"The first thing to say is that this is a very exciting project backed by a very serious and highly capable management team," he considers. "The Aerion board have put together a tremendously experienced team and now they have a launch customer in Kenneth Ricci, who is a highly respected figure in the industry. That makes Aerion, with the support of Airbus, a very credible proposition. They have issues to resolve, most importantly the choice of engines for the AS2, but you have to remember that supersonic flight is done every day by the military. It is well understood, even if civil aviation has not yet managed to get to grips with it – Concorde excepted, of course.

"I am also very impressed by the fact that Aerion's business case does not require legislative change to enable supersonic flight over the continental US. They can go subsonic over land and supersonic over water and fit inside the current legislative framework. Besides, we are in the sales business. Who wouldn't want to sell a \$100 million plus aircraft? How cool would that be!" ■



Hosted by EVAA, Atlantic FuelEx, Satcom Direct & Tanury Industries - the Dubai Air Show after party was truly a night to remember. The night saw over 400 business aviation professionals and high net worth guests gather at the glamorous Pulse Nightclub Dubai.







For more information on the Dubai Air Show party and our upcoming events please contact: max@evaint.com | call +44 (0) 208 253 4000.

There is a comprehensive photo gallery on EVA's web site but here is a selection of photos to provide a taste and a reminder of a great night. ■

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Citation Latitude

A year in review

Retrospective on 2015 and a look ahead, by *Anthony Harrington*

What is to be said about 2015? Not the year we'd hoped for, certainly. As I write this in mid-December, the markets are in the midst of another wobble – hopefully before they gather themselves for the traditional December Christmas rally. However, the best that can be said about 2015 is that it is a year when the markets went sideways. Not surprisingly, therefore, since history shows us that business aviation cycles are tightly coupled to market cycles, things have been pretty unexciting this year on the demand front.

Of course it has been far from unexciting as far as progress on the introduction of new aircraft is concerned. In August Cessna's Citation Latitude was delivered to its first customer and Textron set off on a multi-stop demonstration tour of the US to show off the newest member of the Citation family. NetJets has already made history by ordering 150 Latitudes for deliveries starting in 2016, the largest ever order for a business jet. Air Hamburg Private Jets is set to be the first European owner of a Latitude, again with delivery expected in the coming year.

Cessna also revealed at NBAA 2015 in Las Vegas that it intends to remedy the fact that it does not have a large business jet to compete with the likes of Bombardier's Globals or the Gulfstream 650ER. The new 4,500 nautical mile jet, to be called the Citation Hemisphere will feature the widest cabin in its class, Cessna says, and is expected to make its first flight in 2019.

As well as racking up orders for the 650 and 650ER, Gulfstream is well on track as far as certification of its two new jets, the G500 and G600 are concerned. They are slated to enter service in

2018 and 2019 respectively and can be expected to add significantly to new jet sales once they become available.

Bombardier, which has had a troubled year thanks to delays and a \$2 billion cost over-run in its C-series regional jet program, saw the Signature Series Challenger 650 receive certification from the FAA in 2015. The aircraft was a major feature at this year's static display at NBAA. Bombardier's Global 7000 and Global 8000 are still keenly awaited. In November the company showed off the first two flight test Global 7000s to the media. David Coleal, President of Bombardier's business aviation division told journalists that the entry into service of the 7000, slated for mid 2018, is the number one priority for Bombardier and for him personally.

Nevertheless, the time line on the entry into service of the Global 8000, which was planned for 2019 has become hazy, with the company withholding comment on when it now thinks 8000 certification and deliveries can be expected. Given the cash pressure on the company that is not surprising. However, the second half of 2015 saw a number of orders for Bombardier's C-series regional jet come in from a variety of airlines, so the company's cash crunch could improve quite sharply through 2016.

By October 2015 Dassault's Falcon 8X tri-jet had reached the half way stage in its flight test program and is headed for certification around June or July 2016. This is basically a stretched Falcon 7X with larger fuel tanks and just over a metre more cabin length, giving it some 700 nm more range than the 7x.

On the light jets front, Honda Aircraft's over-the-wing Hondajet is near certification with deliveries expected in 2016. Honda have been telling us for years that they have 100 orders in the

bank for their first jet so that could well add to the momentum being generated in the light jets category by the Phenom 100 and Cessna's M2.

Turning from new models to the current state of the global economy, however, is like going from sunshine into a chilly drizzle. The year started brightly enough, with markets rallying from a low in early December 2014 to reach a high in April 2015. The German stock market, the DAX, is a good barometer of market volatility and it rallied from a low of around 9200 in early December to a massive high of 12300 by April. A gain of 33% or so in just four months looked like it was going to usher in a storming 2015, a real champagne year.

That, as we now know, did not happen. The next five months saw the markets slowly retreat until, by early September, they were within touching distance, once again, of that December 2014 low.

From September to the very end of November markets rallied once more and the DAX briefly touched the 11400s. Since then it has slid back to the low 1000s, over 1000 points down, which, while not disastrous, is not exactly what business aviation is looking for from Europe.

Geopolitical shocks aside, the two really big features in 2015 were undoubtedly the continued weakness in the price of oil, which should be a boost to much of the global economy, even if it hurts energy stocks, and the continuing slowdown in China. Plus, of course, there is the massive policy divergence between central bank policies in Europe, the UK and Japan on the one hand, and the US Federal Reserve on the other – and this is a theme that will definitely continue into 2016.

As December draws to a close the big story on the economic front is the fact that the Fed decided, at the meeting of the FOMC on 17 December, to raise the interest rate by 25 basis points.

While a quarter of one percent might not sound like a lot, it is a massive sea change and signals that in the eyes of the Fed, the US economy is getting back to normal and extraordinary policy measures can be wound down. This confirms that the US is now well set on a path that will take it in the opposite direction from the central banks in Europe, Japan and the UK, where the intention is still to stimulate economies by printing money.

We can expect this policy divergence to have a significant bearing on how the dollar performs against other currencies, particularly the euro, yen and Sterling. There are a huge number of moving parts influencing how one currency behaves against another. The relative performance of their respective economies is arguably at least as important as lending rates, though since the latter is often a proxy for the former, we don't have to get too hung up about which is more important.

The key point is that as the dollar gains in value against other currencies it is going to be significantly more expensive for people and companies in Europe, Japan and the UK to buy jets made in the USA. However, as far as its impact on the health of business aviation in 2016 is concerned, this is a point that is easy to overstate for two reasons,

First, the demographic that buys business jets is a highly affluent one, and the very wealthy are not that sensitive to what, for them, are minor price fluctuations. If the business case for a private jet stacks up, they are likely to buy regardless of how currency rates are moving relative to each other.

Second, since more than 60% of the business aviation market is local to the US, for that large chunk of the market the strength of the dollar is irrelevant – except for that portion that earns its income from exports. Exporters will be hurt, possibly substantially, by a rising dollar, though that tends to be self-correcting in the medium term (when exports slide an economy does worse, therefore its currency starts to weaken – simplistically put, but not exactly wrong, either).

While at this stage 2016 looks as if it might well turn out to be not much different from 2015 – though hopefully with fewer geopolitical shocks (though that is far from guaranteed) – there are some hopeful signs. Speaking to EVA, Kuldip Shergill, who runs the European Mid-Cap strategy at investment managers Cheyne Capital, points out that Europe is still in the process of recovering from the 2008 crash. Unlike the US, where the economy now has some traction



Bombardier's Global family

and the figures for new jobs in the economy are improving, Europe is at best just at the start of a potential upturn. For Shergill, this is encouraging. It means that Europe has plenty of room for growth in the year ahead.

For those who don't follow markets, Shergill defines a mid-cap company as a company with a market capitalization of under 10 billion euros. Above that a company falls into the large cap universe. Below a market capitalization of two billion, it falls into the small company space. Economic indicators in Europe are slowly improving and in anticipation of this, the European mid-cap index which encapsulates many European domestic companies, has posted a year-on-year growth of 14% in 2015.

Moreover, if you take the view, as he does, that mid-cap companies have historically done

well at the start of any recovery from a recession, then their performance is a comforting signal that there is enough company specific, micro data to suggest that Europe's recovery may well be underway. For everyone in business aviation in Europe, that is a view that they would love to see proved right over the year ahead. It is actually no surprise that mid-cap stocks recover faster than their bigger brethren. They are nimbler and tend to be more innovative and carry less baggage, so they can manoeuvre faster and are better able to exploit early opportunities.

For those who don't follow markets, Shergill defines a mid-cap company as a company with a market capitalization of under 10 billion euros. Above that a company falls into the large cap universe. Below a market capitalization of two billion, it falls into the small cap space. What gives Shergill confidence that Europe is on the mend is that the European mid-cap index posted a year-on-year growth of 14% in 2015. That is a fantastic rate of growth for a whole "universe" of stocks in an economy that has basically flat lined for the year.

Moreover, if you take the view, as he does, that mid-cap companies have historically done well at the start of any recovery from a recession, then their performance is a pretty strong signal that Europe's recovery is underway. For everyone in business aviation in Europe, that is a view that they would love to see proved right over the year ahead. It is actually no surprise that mid-cap stocks recover faster than their bigger brethren. They are nimbler and tend to be more innovative and carry less baggage, so they can manoeuvre faster and are better able to exploit early opportunities.

If 2016 does indeed see Europe getting pulled out of its multi-year flat patch by the dynamism inherent in its small and mid-cap companies, business aviation will have much to celebrate. We can always hope... ■



Gulfstream G650



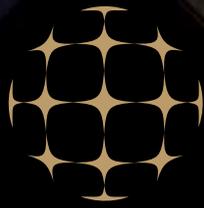
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