AIRSOURCE PARTNERS

#### **Aviation Expertise Marketplace**

Innovative Pathway to Aviation Expertise

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#### Airsource Partners' Mission

Provide airlines & airports with an innovative, straightforward & economically affordable pathway to valuable targeted aviation expertise in all forms

To fulfill this self-assigned goal Airsource Partners launched in late 2013 the 1st **Aviation Expertise Marketplace** exclusively dedicated to commercial aviation

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#### The Origins of Airsource Partners' Initiative

The state of the present global economy prompted us to react

- Prolonged economic downturn
- Pressure to save costs leading to budget limitations
- Focus on short term tactics vs. long term strategy
- Persistent risk aversion due to future uncertainty
- Staff reductions leading to damaging loss of valuable expertise
- But also ... clear signs of recovery and occasions to get hope & faith back

### The Air Transport Industry is Badly Hit

#### Airlines suffer from several aggravating factors

- A naturally cyclical business amplifying any economical downturn
- Airlines: a volatile industry with no sign (yet) of permanent recovery
- Current (past?) crisis tends to defer into future badly needed investments
- Some success stories leading to bigger gaps between airlines
- An industry that still needs to evolve fast, even during times of crisis
- Disparity increases between airlines
- Action is needed now to prepare for an even brighter future

### Doing Nothing is Simply <u>not</u> an Option

By standing still or cutting costs only, airlines put themselves in a potentially very risky situation

- Extra ground permanently lost to more reactive competitors
- Risk of permanent disconnect between the airline and its market
- Danger that risk aversion becomes permanent
- Convey negative wait-and-see attitude to industry and clients
- Does not position well to take advantage of industry rebound
- Potentially jeopardizes the future of the company

#### Smaller Carriers: More Pitfalls Ahead

#### Small/medium-sized airlines face more challenges of their own

#### Management Teams

- $\Box$  Present on all fronts at all times  $\rightarrow$  less focus on strategy and availability issue
- Longer-term vision blurred by daily operational contingencies
- Middle management often a weaker point

#### Company Strategy

- Limited financial and human resources available
- Short-term opportunistic strategy preferred, not preparing for the future
- Suffers from lack of long-term vision and strategy

#### Human Resource

- Paid the highest price in the industry for the current crisis
- Entire domains of in-house expertise have been wiped out recently as a result of the crisis
- Direct impact on innovation and risk-taking needed for sustained development

### Smaller Carriers: Yet, Opportunities Abound

Smaller airlines benefit from specific advantages linked to their structure

- Flexibility: higher capacity in general for reactivity and adaptability
- Better placed and structured to swoop down on new opportunities
- Slim organizations better adapted to changes
- Niche easily attainable markets can be immediate bonanzas
- Effect of any action can be seen more rapidly
- Feedback loop shorter, required process changes faster

### Expertise is Key to Success

Airlines of all sizes regularly need expert skills & knowledge throughout their lifecycle to remain afloat and on par with competition

Expertise required can take various forms:

- Technical: M&E, flight operations, process redesign, aircraft appraisal, ...
- Operational: flight operations, ground handling, pilots training, fuel management, ...
- Commercial: pricing, distribution, revenue management, purchasing, ...
- IT: vendors appraisal and selection, implementations monitoring, telecommunications, ...
- Legal: aircraft purchase and leasing, vendor contract negotiations, ...
- Financial: best practices, costs containment, budgeting techniques, ...

Need for expertise can be planned (strategy,...) or unexpected (OAG, new competition,...)

### Search for Aviation Expertise is no Easy Task

#### Quest for expertise is a challenging task

- Limited in-house resources require externalization of search for expertise
- External searches are expensive, time-consuming and of uncertain outcome
- Faced with a lack of alternative solutions, airlines often end up dealing with large service providers not always ideally suited for their needs
- Some service providers place their own interests first, not the carriers'
- Many service providers are part of an IT/airline group: risk of hidden agenda and conflicts of interest harming airlines
- Cost issue: high access cost to expertise can force airlines to drop their plans

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#### Expertise However Abounds on the Market

Trusted sources of proven Aviation Expertise are plentiful

- Individual contributors: experts, consultants, other aviation professionals
- Academics: PhDs, MBAs, researchers, ...
- Highly qualified staff recently made redundant by airlines
- Expert organizations: consulting groups, service providers, IT shops, ...
- Niche companies with specific solutions, skills and knowledge
- Others: trade organizations, associations, government offices, ...

These sources of Aviation Expertise are proven, flexible, readily available and economical but operate in a dispersed order and uncontrolled manner

Airsource Partners' proposed solution:

The Aviation Expertise Marketplace

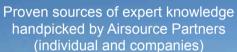
### Aviation Expertise Marketplace: Guiding Principles

Our Aviation Expertise Marketplace is a unique **Place of Exchange** linking airlines & airports in search of expert aviation skills and knowledge with handpicked aviation professionals & companies of proven track record gathered in a proprietary **Aviation Think Tank** offering targeted value-adding and easy-to-implement projects.

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#### How Does it Work?







Expert knowledge stored in a proprietary Aviation Think Tank



Knowledge & skills applied into value-adding projects



Projects posted on the Project Board section of the Marketplace

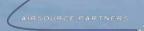




Feedback loop to client and experts



Experts/company carries out project



Airsource Partners handles all administrative issues



Airline selects projects or proposes tailor-made project of its own



Airsource Partners promotes the projects

### The Expertise Providers

#### A unique Aviation Think Tank

- Peer-recommended, hand-picked experts and companies
- Experts retained on the basis of their track records
- Contributors adhere to the guiding principle of the Marketplace
- All functional areas of aviation covered
- Expertise available rapidly whenever needed
- Favorable economical conditions
- Experts or companies join or leave the Marketplace as they see fit
- No hidden agenda: experts focus on project delivery exclusively

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## The Marketplace's Benefits

To individual experts and companies

- Additional source of income and revenue
- No exclusivity required expert join or leave Marketplace at their discretion
- Does not impact current way of selling services
- No cost of sales
- No fees to join the Marketplace
- A unique opportunity to contribute to the growth of the airline industry

### The Marketplace's Benefits

#### To airlines

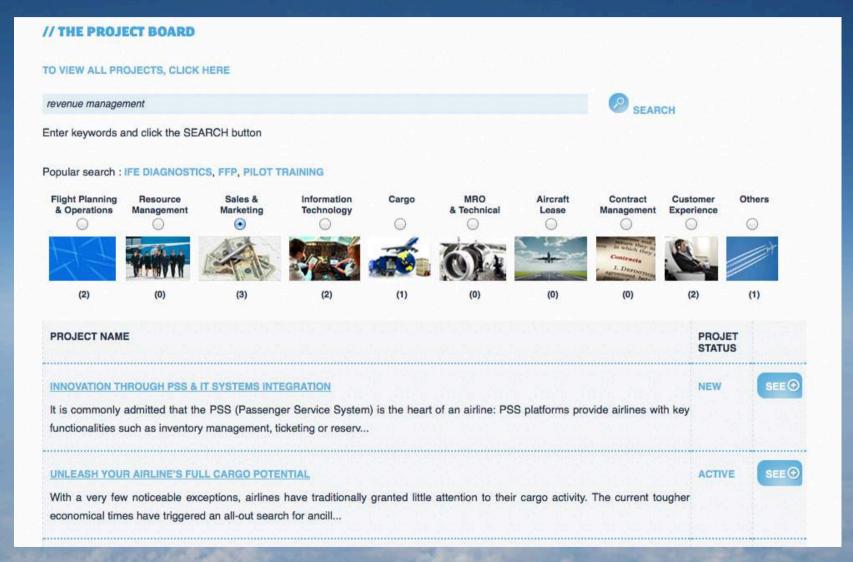
- Affordable valuable expertise available at all times
- Entire functional spectrum of an airline covered
- Flexibility: think tank adapts to the changing patterns of the market
- Experts selected for their track records: no more vendor appraisals needed
- Marketplace: efficient 2-way communication tool between airlines and experts
- Ready-to-use projects suggested for maximum return on expertise available
- Airline-specific tailor-made projects possible

### The Marketplace's Benefits

#### To airlines (cont'd)

- Slim structure means no overheads passed to clients: expertise affordable at last
- Strict repartition of roles: experts deliver Airsource Partners supervises
- Airsource Partners acts as unique contact for multiple projects
- No hidden agenda: Airsource Partners is not part of any airline or IT group
- Cooperative Partnering driving synergy instilled on projects between airlines
- Creative formulas possible: monthly packages, success fees, ...

## The Project Board (example)



# Moving Forward

With its unique characteristics and benefits Airsource Partners' Aviation Expertise Marketplace is ideally placed to rapidly become the ultimate One-Stop-Shop for Aviation Expertise

#### Airsource Partners

- Created in October 2011 by Christian Gossel
- Company incorporated under French law based in Paris
- Founder: 25+ years of experience in the airline industry
- Aviation Expertise Marketplace launched in September 2013
- Firm commitment to actively contribute to the success of the industry
- Marketplace: a collaborative initiative open to all, airlines & aviation experts

# Contact

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