
European charters ready to launch

By Charles Alcock

Until around this time last year, European business aviation had been enjoying a boom period, and executive charter in particular had seen some truly explosive growth. It was in the heady years from 2005 to the first half of 2008 that a new generation of air-taxi operator was laying down business plans predicated almost entirely on the quantum leap downward in operating costs offered by the new wave of very light jets (VLJs).

Given that most of the world's financial gurus were blindsided by the intensity and pace of the global economic collapse, it is understandable these ambitious pioneers apparently failed to envision that their new ventures might end up being launched at the worst possible time in the business cycle. But that is effectively what has happened and there have already been several casualties in Europe's emerging VLJ air-taxi sector, most notably Bikkair of the Netherlands. Other operators, such as One Air Taxi in the UK, AccelJet in Iceland and Taxijet in Spain, had their plans rudely interrupted by the implosion of Eclipse Aviation and the much-vaunted Eclipse 500 jet.

But other operators are soldiering on in the face of adversity. For instance, JetBird is poised to begin operations this month. At press time, it was set to take delivery of the first four of 59 Embraer Phenom 100s for which the Ireland-based group has placed firm orders.

The first four aircraft will be based at Cologne-Bonn Airport in Germany's Rhine-Ruhr region as the first step in JetBird's plan to establish a network throughout western and central Europe. Six more Phenom 100s are scheduled for delivery before year-end. JetBird has options on a further 41 Phenom 100s, and can switch any number of these for the larger Phenom 300 model. Its business plan calls for a 100-strong fleet of aircraft within five years.

In early July, JetBird started testing the online booking system that it expects to be the backbone of its sales operation. The Web site (www.flyjetbird.com) will present real-time aircraft availability and confirmed prices for any given flight, including any taxes, landing fees and airport or handling charges that may apply.

The company claims to be the first European executive charter operator to offer direct online booking, although its established rival Blink is about to add this feature to its Web site. The JetBird system is based on Coastal Aviation Software's Chopen software, which has been integrated with the operator's fleet and crew management system in a bid to maximize the cost-effective use of its VLJs.

JetBird CEO Stefan Vilner told AIN that the company chose Germany as the first operating base because the country appears to have been less adversely affected by the financial crisis than neighbors such as the UK, where other new-generation air-taxi operators have focused their efforts. JetBird claims it will sell flights for about half the price of charter services offered by operators with larger light business jets.

Blink has been operating commercially for almost 15 months and now has a fleet of five Cessna Citation Mustangs. The UK-based company is due to take delivery of two more of the type before the end of this month, and has firm orders for 23 more, with options on a further 15.

The company is about to receive its own aircraft operator's certificate, having depended on Tag Aviation's UK AOC since it began operations in June last year. Blink's fleet is currently based at the London-area Farnborough Airport (owned by Tag), but also makes extensive use of nearby Blackbushe Airport, where landing and handling fees are substantially lower. According to a spokesman, it is about to open two other European bases at as yet undisclosed locations and will split its Mustangs among these three bases.

According to Blink managing director Peter Leiman, the VLJ pioneer has managed at least to meet its revenue projections in tough economic conditions, and has kept its operating costs under a budget set when it raised its \$30 million in launch capital in 2007 when Europe's executive charter market was well and truly in growth mode. However, he acknowledged that the company is reviewing the rate at which it takes delivery of its first 30 aircraft, explaining that the Mustangs are being paid for with hard-to-secure asset financing rather than the initial equity capital.

Blink is looking to launch corporate-shuttle services between established company locations as part of a plan to raise aircraft utilization rates to as much as 800 to 1,000 flight hours per year. According to Leiman, individual aircraft are logging up to 11 revenue flight hours on busier days. By comparison, each of the six Mustangs operated by well established UK charter operator London Executive Aviation has been flying an average of between 320 and 350 hours annually.

"The economic downturn provides us the perfect landscape to increase our fleet given the unique value proposition of a Blink air taxi," contends Leiman. "Blink is the right product at the right time for companies looking to reduce total travel spending and increase their employees' productivity. With more capacity we will save more companies more money."

Ambeo Enters the Fray

Meanwhile, start-up Ambeo is preparing to enter the beleaguered UK market. The Cambridge-based company expected to receive both its AOC and its first aircraft early this month. The AOC application process through the UK Civil Aviation Authority will have taken almost a year, as has been the case with Blink.

According to executive chairman Andy Black, the regulatory situation requirements for "operators" providing commercial flights "remotely" under another company's AOC might become less flexible. "Even though it is expensive and time-consuming, we have always wanted to have our own AOC, to ensure maximum safety and flexibility, rather than having to use one adapted for someone else," said Black.

The company already employs a chief pilot and four other pilots holding Mustang type ratings, as well as a head of maintenance and a head of operations, as required by the AOC process. It used the expertise of an industrial psychologist to supervise a five-stage selection process for flight crew that analyzed, among other factors, their attitude to customer service.

Ambeo has spent the past few months carefully evaluating at least four different new Citation Mustangs with a view to buying one from a Cessna customer holding an imminent delivery position. The aircraft in contention are all priced differently and have different interiors and equipment specifications, but the prospective operator expects to pay no more than \$2.85 million. The company had also considered using the Eclipse.

The Ambeo business plan calls for a fleet of five aircraft within 12 to 18 months of service launch, rising to between 25 and 30 jets after five years. "The fundamental vision and opportunity hasn't changed much," said Black, acknowledging that Ambeo is not starting life against a favorable economic backdrop. "It is still all about [offering passengers] time, convenience and security."

"We will attract people new to business aviation, mainly on price, and there is also clear evidence of downsizing [with existing executive charter clients seeking a less costly alternative to larger jets]," said Black. At the same time, he acknowledged that the existing charter market in Europe is currently "obscured" by several factors, such as the fact that the collapse in demand has obliged operators of traditional light jets to drop their rates to cost and even below cost.

Ambeo's intent is to differentiate itself with a distinctly branded level of service, while the aircraft themselves will not be visibly branded. Among the elements yet to be defined is the level of catering that will be offered to passengers, and which elements of the service will be included in the base price and which will be charged for as extras. For example, flight attendants may be available for clients

willing to pay extra for this service. In-flight snacks and drinks might be provided via a picnic basket, according to the Ambeo team, which views the lack of catering provided by other VLJ operators as lazy and unimaginative.

One idea the company is considering is a series of gift packages including the sort of items offered by boutique hotels, such as champagne, sugar-coated almonds, sun block and therapeutic face masks. These would be for sale, possibly for passengers needing a last-minute gift, along with birthday and other greetings cards.

The cabins of Ambeo aircraft will feature power sockets for equipment such as laptop computers and cellphones, with adaptors to take into account the needs of international travelers. Satellite phones will not be on the equipment list because the necessary hardware is considered to be too much of a weight penalty for aircraft making short flights, and there will be no provision for in-flight Internet access.

Ambeo, which is owned by Black, CEO Frank Noppel and an undisclosed wealthy individual with experience in the aviation sector, expects to achieve utilization rates of up to 500 flight hours per year for each of its aircraft. It is now fine-tuning its Web site to be ready to take direct bookings online, as well as allowing clients to specify service preferences and special needs, such as allergy sensitivity.