

Challenging year ahead

By Alastair Carthew

Aviation communications companies in the Asia-Pacific are battering down the hatches for tough trading in 2009. However, there remains some optimism the industry could also benefit as embattled airlines become more "data hungry" in tougher times.

While one company admitted the current situation looks "bleak" companies approached by *Orient Aviation* saw the Asia-Pacific holding up better than most, albeit with a slower growth rate.

ARINC's vice-president and managing director, Asia-Pacific, Randy Pizzi, said 2009 is "going to be an interesting year, but we are pretty well positioned to get through [it]".

Pizzi's positive attitude is based on the three key ARINC business components which gives then a 50-50 split between airline communications and network communications on the one hand and airport IT and infrastructure on the other.

Rockwell Collins senior director, marketing and strategy, Asia-Pacific, David Wu, said: "The business conditions will be challenging for the foreseeable future. The length and depth of the current slow-down remains to be determined."

Lufthansa Systems (LSY) senior vice-president, sales, Asia-Pacific, Norbert Muller said his company had seen clear signals from customers that IT investments "might be postponed by a year or so".

"Having learned the

hard lessons from the global economic downturn and high fuel prices, airlines in the Asia-Pacific will look for ways to make their operations more efficient and cost effective," he said.

Azman Aziz, Asia-Pacific aerospace and defence consultant with London-based research and consulting company Frost and Sullivan, took a more optimistic view.

He said the aviation communications industry would "take a hit" because of the economic downturn, but his company expected this to be "minimal and temporary as growth in air traffic and fleet count in Asia-Pacific is significant enough to support future investment in the aviation communication sector".

Wu said Rockwell Collins in the short-term would be adversely affected by the downturn in the region because of reduced flying hours, fleet rationalisation and delivery deferrals, leading to reduced maintenance and product sales revenues for the company.

He said companies needed to control costs in the short-term and introduce innovative products and services to improve efficiency in the longer term to pick their way through the downturn.

LSY's Muller did not see any specific products or services being affected by the downturn more than others: "The question is rather whether airlines are currently willing to invest in new IT projects at all. Experience shows the willingness to set up IT investments in times of crisis is



Norbert Muller

Senior Vice-President, Sales, Asia-Pacific
Lufthansa Systems

increased by access models that give airlines increased flexibility and less upfront invest, such as ASP," he said.

Aziz said any "marginal reduction" in procurement contracts would be temporary as regulatory bodies and end-users realised the importance of equipment modernization and replacement programmes. He said users would, in the meantime, look to extending the life-cycle of equipment.

In a show of cautious confidence, ARINC senior director for airline programmes, Asia-Pacific, Dan Pendergast, said the company still planned a phased roll-out of its ARINC Direct-business Aviation Solutions business jet product in

the region in 2009, despite the economic conditions.

ARINC Direct offers a range of business aviation technology solutions, such as advanced flight planning, weather and graphical flight following services, contract fuel and international trip support.

India and China are the main target countries for new business for ARINC with more established commercial centres such as Hong Kong, Singapore and Australia also in the frame.

Pizzi said airports remained a good prospect for ARINC as they were less prone to economic volatility than other areas of the industry. The company has 30 airport clients in the Asia-Pacific. ■