



MANAGING THE MRO MARKET EFFECTIVELY

Werner Aero Services was founded by Mike Cazaz in 1993 when he identified a unique opportunity in the market for asset management services. The President/CEO loves a good challenge, especially when entering a market dominated by major players. He speaks to Aerospace Singapore about the nature of his business and his view on the MRO industry in Asia Pacific.

Could you tell us the key milestones at Werner Aero Services?

Werner Aero Services started as a spare parts supplier to the regional aircraft market and in 2000 evolved into a spares and service supplier to the narrow body jet aircraft. In 2001, we entered the aircraft end-of-life solution business with our first aircraft teardown and since then have parted out dozens of aircraft. In 2002, we established a team to specifically address the need of turbo-prop engines, jet engines and APUs. Today, we are an asset management company providing products and services to mainly support narrow body aircraft. We provide engine sale and lease, aircraft sale and lease back, components support and consulting services for logistical solutions. Our main focus has always been on providing exceptional customer service and with our dynamic organisation, we are able to customise solutions for our customers.

LEFT:
Mike Cazaz,
President/CEO
of Werner Aero
Services

RIGHT:
ISO 9001:2008
Certificate



What are some of the new initiatives that you will be embarking on next?

We are looking to broaden our services to cover the Embraer 195 aircraft, which is fairly a new model aircraft in the market. Up until recently, we have been focusing on supporting the B737 and A320 aircraft.

Asia Pacific is one of the largest growing markets in aviation and MRO. What are Werner Aero Services' plans in responding to the region's needs and enhancing local presence?

As demand in the area grows, we are planning to increase the number of staff and facilities we have in the area and to broaden our services to a larger number of aircraft types. Recently, we established a distribution centre located in the newest aviation hub in Singapore – Seletar Aerospace Park, to have parts readily accessible for this region.

What makes up your main business in the Asia Pacific?

The largest segment of our Asia Pacific business consists of management services including engine leasing and components repair management. This has been our main focus in this market and we see the need for such services by local customers is increasing.

What are the key differences you see between the US and Asia Pacific when it comes to the MRO industry? How have you localised your business in response?

The US is a more mature and competitive market hence it is not experiencing the same incredible growth as the Asia/Pacific Region. However, it seems that the recent rapid growth is slowing and companies need to learn how to deal and adapt, which may result in a reduction in the level of services. It appears that overhead costs in general are greater in parts of Asia than in the US, as the US is a competitive market with lower MRO services costs since there

is more supply. The Asian market is also short on MRO expertise and as a result, the personnel cost is higher than in other markets. Even when considering the logistics involved in sending work to the US, it is less costly than repairing them in Asia. As the market acclimates to a steadier and smaller growth, companies will have to tackle the raising overhead costs to keep business in Asia. To adapt and respond, we have increased our local inventory and offer customer exchange services to help decrease turnaround time.

Are airlines changing how they manage their MRO services? What trends do you foresee?

It appears that most large airlines depend heavily on OEMs, who don't always handle the demand for services in a timely manner. I think that within time and as equipment ages, they will turn to more creative solutions that can be found elsewhere. I think we will see more independent MROs being established in areas of Asia where it is still less expensive to operate, and more money will be spent on training and equipment to satisfy the demand.

“

THE LARGEST SEGMENT OF OUR ASIA PACIFIC BUSINESS CONSISTS OF MANAGEMENT SERVICES INCLUDING ENGINE LEASING AND COMPONENTS REPAIR MANAGEMENT.

”

INPROFILE

What are some pros and cons of outsourcing and insourcing for components and engines?

A good management company can create custom outsourcing programs to meet the operators' exact and unique component and engine needs. These programs will eventually result in cost savings and better cash flow to the customer. In addition, the costs of AOG situations can be eliminated or significantly reduced as the management company ensures that components and engines are always up to current standards. In the insourcing model, an airline has to provide the personnel, facilities, significant upfront cash and logistical management of the parts and engines at a variable price, while outsourcing can be done on a fixed (predictable) price. However, in some cases airlines feel that with the outsourcing model they lose control of their asset and the process itself.

How do airlines strike the balance between outsource versus in-house, OEM versus independent? How do you help them find that balance?

The balance we offer is simply another alternative designed to meet the needs of the specific airline. Once an airline realises that working with an OEM does not offer enough solutions, or flexibility, it usually finds Werner Aero Services is a perfect fit. Our superior customer service and ability to communicate with customers around the clock and around the globe, sets us apart from major OEMs. We provide an alternative to airlines that helps spread the risk, so they don't put all their eggs in one basket. Some operators try not to use one source for all their solutions, and find Werner Aero Services as a solution to diversify its needed services.



TOP: Werner Aero Services is an experienced full service provider of V2500A-5, CFM56, and Trent 700 engine nacelles including loans, leases, exchanges, outright sales, repairs and modifications.

In your opinion, what is missing and what can be done for manpower development in the Asia Pacific?

Organisations today spend more money and energy on recruiting from their competitors instead of investing in schooling or training for future generations. It would be beneficial for the entire industry if some of the major OEMs joined with airlines and invested in education and training systems. Prospects could be recruited

right after high school, offered education, and guaranteed work post-graduation in exchange for a guaranteed work commitment (by the employee) for a minimum of number of years. This would stabilise the current wage inflation problem in Asia but more importantly, create a steady stream of trained and qualified personnel.

How can we step up the supply chain support to ensure a competitive industry?

Better planning, an increase in supply availability and more manpower are the keys to stabilising the market. Planning has to be done jointly with end-customers who control the information. So far operators have not been very open to work with mid to small size companies and are not willing to share the information that will enable better planning. If we all work together and exchange information, the industry will benefit. ^{AS}

“
BETTER PLANNING, AN INCREASE IN SUPPLY AVAILABILITY AND MORE MANPOWER ARE THE KEYS TO STABILISING THE MARKET
”