

# TOP CHALLENGES TO CONSIDER TO ENSURE SMOOTH AIRCRAFT TRANSITIONS IN 2021

Transitioning aircraft between Leases can be a highly complex process for all parties involved, this process became especially challenging during the pandemic of novel virus Covid-19.

Within this paper we hope to examine some of the key considerations involved in the transitions process and to ensure that the aircraft is transitioned on time, within budget and as smoothly as possible, while addressing the unprecedented challenges arising, based on our experience.

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A passionate entrepreneur and a highly experienced Aircraft Engineer with over 28 years' experience in the sector. Brian worked as a licenced Aircraft Maintenance Engineer for Lufthansa Technik/Shannon Aerospace for 16 years finishing his time there in Technical Management. Brian started his first enterprise; Civil Aviation Services Ltd. (CAS) which has been successfully operating since 2006 and expanded into Asia at the start of 2020 with the opening of CAS HK. With most of the work in CAS relating to Aircraft Technical Asset Management the need for industry efficiency through software was clear and cloudcards was born.

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# THE NEW CHALLENGES BROUGHT BY COVID-19

Getting personnel onsite has recently become a quest no one has faced before on such a scale, there are a few things we learned:

## **1. PLAN WAY AHEAD.**

Some countries require a special permission to enter, only essential business travellers may be allowed, which may have to be approved by designated government officials, this process takes time and effort from the inviting party (MRO) who will have to be informed in advance. No matter whether it is an airline staff, PM from the leasing company or a hired TSE.



## 2. QUARANTINE ON ARRIVAL.

This is another requirement of certain locations and it can vary from 10 to 28 days. That means, any visitor will be placed in a designated facility selected by the officials or can be chosen in some cases by the traveller, but in any case a person is not allowed to leave the facility until the quarantine time is up.

Also, certain locations have challenges like “the Great Chinese Firewall”, which is not permitting certain services including google, gmail, skype, facebook and all services they provide.

We see the impending requirements for international travel will drive the field engineers to have mandatory vaccinations for COVID 19 as they currently have to have for other serious disease. This will add further pressures on the business within the industry but can be resolved with advance planning and staff selection.

You will need to organise a remote working mode for your staff with unlimited access to the internet



# cloudcards

CARDS® offers great oversight to a redelivery/delivery project by keeping all information about the project live and up-to-date in one place accessible by all permitted parties cutting down on the vast amount of emails associated with such a project

## 3. CHOOSING YOUR TSE

The previous point leads us to the dilemma: find a TSE locally, which is ideal from the quarantine point of view, or bring someone from outside the country and expect them to quarantine there. Situations are different, all depend on skills required and budget, TSEs based in locations particularly difficult to access tend to rise their daily rate nowadays, so there is a balance, you just need to be aware of it. Also, while every project is different, in some cases one TSE is unable to handle the amount of technical records required for review, while there could be only one needed to conduct the physical inspection. In that case there could be a team of TSEs working remotely reviewing technical documentation, logging their findings into an online



platform suited for the job, like CARDS®, which is an ideal solution for a remote delivery project for all parties involved in all regions. It is designed to fully project manage the technical review, aircraft physical and records audit. CARDS® is ideal for the management of deliveries providing real time visibility of the project status & issues, while importantly providing significant efficiency savings for the project team members. This is the only platform that allows physical inspections to be carried out using a tablet in remote locations off-line and physical reports/pictures will sync to the platform once an internet connection has been re-established.

CARDS® is proven to boost efficiencies resulting in significant savings in both cost and time.



## 4. DEMO FLIGHT.

While being a much anticipated event everyone involved is looking forward to it is also a new challenge in the pandemic. Pilots, while having no need for a visa, still have to quarantine on arrival in certain locations, and of course they will not want to do so. The issue is, airline pilots are normally paid for their flight hours in addition to a basic salary, their career expectation is not to stay in undesignated quarantine hotels and fly once a month. Given that, the pilots may refuse to go abroad to quarantine for a significant amount of time before a single demo flight. What options do you have? Get the demo pilots locally? Saying that those are no ordinary pilots, but the rated pilots for such flying, these are not easy to find anyway and the redelivering airline's pilot union (if any) has to agree that they will accept the aircraft flown by a third party pilot. This is a sensitive area at the moment and is fraught with emotion as airline pilot positions are being lost daily in the industry so advanced option a, b and c planning is essential.

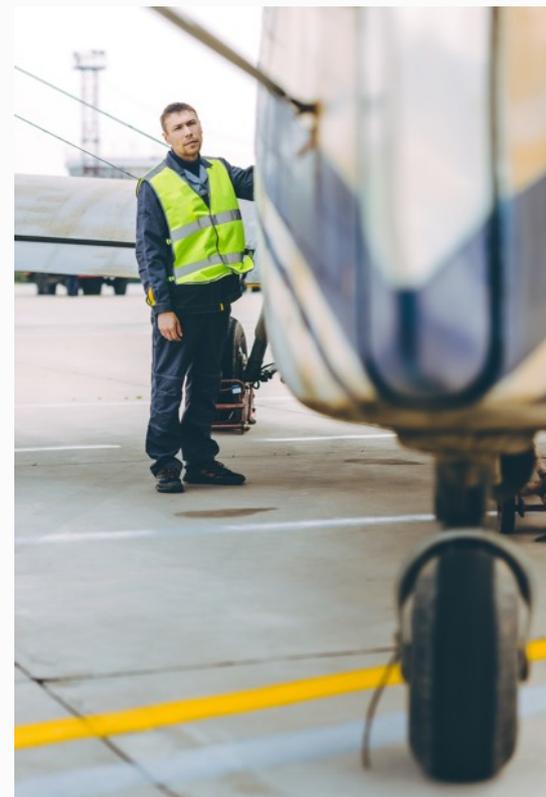


Therefore having an effective way of communication and oversight of the project is essential to its success. Choose your provider wisely.

## 5) BEING A PM

from the aircraft owner's/previous operator's/next operator's side with limited access to facility. The way it used to be, each party would have their representatives on site and the PMs from each side will come over to oversee the process and ensure the completion of important milestones every now and again. These may not be possible or at least not that easy during the pandemic.

This is no longer a question of the cost saving and comfort of remote working, it is a question of being able to conduct the business, or not



# KEY FACTORS TO CONSIDER ON ANY AIRCRAFT TRANSITION REGARDLESS THE PANDEMIC

Lessors are increasingly challenged with reducing margin levels and increased costs thus driving efficiencies from all aspects of the process are critical to ensure they are maintaining current margins for each asset within the business. More often than not the final margin achieved on a lease is driven by the physical asset, its condition and life remaining on key high value components. To preserve these aspects the transition of the aircraft and managing the events within this process drive this.

Achieving a smooth transition between the current and next lessee is the ultimate aim of every Lessor however in order to achieve this, owners need to examine the following critical factors to deliver a smooth process:

## 1. EARLY LEASE REVIEW.

Generally, the three major stakeholders involved in the aircraft transition process; the current Lessee, the Lessor, and the next Lessee, need to have a common

understanding and alignment of the ultimate goal of the project. For the redelivery aspect, it's best for the lessor and lessee to carry out a detailed lease review one year from the contracted redelivery date . Within this lease review the stakeholders need to gather all the redelivery requirements at this early stage. This detailed examination will often produce conflicting goals among the parties, therefore this is best done at this early stage.

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At this point the Lessor should develop a detailed project plan outlining the process, the key milestones and obtain buy-in from its transaction counterparties.



This project plan will be further refined as the transition date nears. Due to the high number of variables and 'known unknowns' an additional and useful part of the planning process for the Lessor is contingency planning and risk management.

An additional critical element at this stage is to ensure planning for redelivery is done in accordance with the original contract/lease and not the airlines own procedures and operational needs. This will ensure that the aircraft will transition as per the original agreement.

Furthermore, ensuring there are clauses within the lease that do not cause previous operators technical records mistakes to be applied to you.



## 2. EXPERIENCED TEAM MANAGEMENT, WITH CONTROL.

Aircraft transitions are a highly complicated and resource intensive process, but present a series of mirrored but measurable tasks, within a detailed project plan. Any issues encountered throughout the process, will most definitely cause delays to the redelivery timeframe, and consequently, increased costs and/or penalties. Driving and delivering the project tasks through experienced aviation engineers, managing the process end to end, is critical in order to manage the overall cost base of the project. Resourcing the project with the most appropriate and qualified engineers can be a challenge but vital to a successful redelivery.



Alongside with having skilled personal driving the redelivery process, having control over the MRO is vital. The contract with the MRO needs to be tightly negotiated to ensure it is detailed and the management of the contract can be run tightly as a result. In parallel, the maintenance events need to be carried out in a location where the aircraft can be redelivered from a tax efficiency perspective.

Failure to do so, could again have a significant financial impact on the redelivery and eat directly into the return & margin of the asset.

### **3. AIRCRAFT PHYSICAL INSPECTIONS.**

Once the initial lease review process has been completed and a detailed project plan put in place, the next critical step in the process is to carry out an aircraft physical inspection. This should be initiated approximately nine months before the redelivery target date with the lessors. The key purpose of the physical inspection at this point is to understand



what technical actions need to be taken.

It is essential that all maintenance events and definition of each part that needs to be ordered are clearly defined and documented at this stage, especially interiors.

The reality is that there is high potential for delays on delivery of parts, therefore impacting the ability to meet the redelivery timing. Ensuring that planning is done correctly at this stage is critical to a final positive result of a smooth transition.

## 4. AIRCRAFT RECORDS AUDIT AND GAP ANALYSIS.

Gaining access to the aircraft records at an early stage is critical to the process. Dependent on the length of the lease and management of the records by the Lessee this process may take months. In many cases the records will be digitised by the Lessee but the majority of records are still physical documents. A full audit and gap analysis of these records is required to ensure that the final delivery book of technical records is in order.





## **5. SOFTWARE SYSTEM SOLUTION.**

The deployment of a document management system solution will allow the redelivery team to digitise all the records for the asset and will further ensure that there is minimal error within the redelivery process. Likewise, having access to a full project management technical asset view, aircraft physical and records audit, it is proven to boost efficiencies resulting in significant savings in both cost and time. Overall, having this system in place will give you the power to make more informed decisions for your asset.

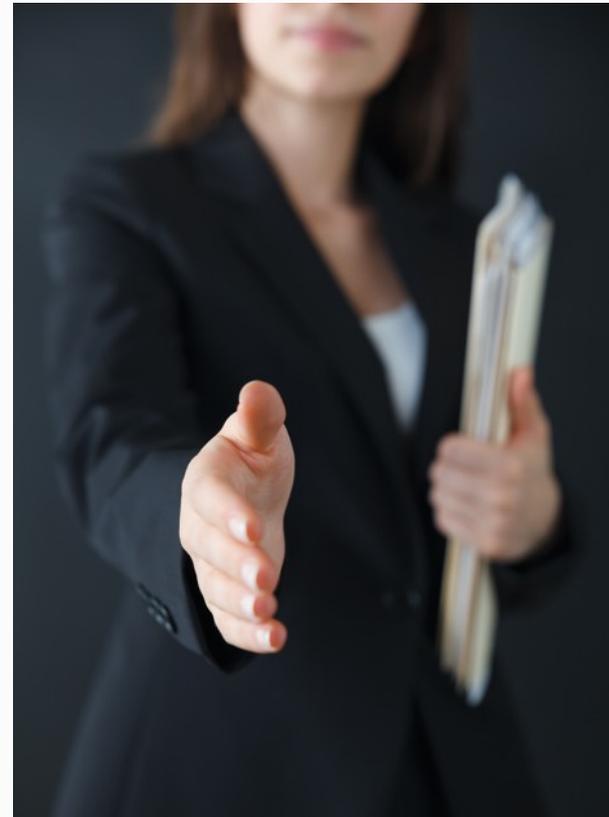
The use of an asset management system on an ongoing basis across your fleet, will allow you to make more informed decisions on a daily basis. All the essential asset data is stored in one location, and the team will have the ability to run detailed customised reporting easily. All of which feed directly into on-going aircraft management and the preparation for aircraft redelivery.

## 6. RELATIONSHIP MANAGEMENT.

Keeping a good working relationship with the lessors and/or the next operator of the aircraft is an additional critical success factor in the process.

With detailed planning, open communication and experienced professionals driving the process, lessors can turn this historically complex process into a smooth path for redelivery.

There is always the opportunity for adding value and building relationships.



Through following these guidelines, you can ensure a smooth transition and reinforcement of best practice will significantly help to drive competitive advantage in the marketplace.

**Note: cloudcards aviation software, provides software to the aviation industry, it's the only product on the market that digitalises the entire aircraft transition process.**

Contact our team on [sales@cloudcards.ie](mailto:sales@cloudcards.ie) or +35312548026 to find out how we can assist on your aircraft transition project.

Learn more about how we can help your business at <https://cloudcards.ie/cloud-aircraft-transitions/>