AIN

Consultant Adds Software To Help Airlines Stay Profitable
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While traffic growth continues to be strong, the profitability of the world's airlines—with the possible exception of those in North America—remains somewhat patchy and far from assured. Factors such as reducing costs and boosting revenues from ancillary services are keys to improving profitability, according to John Luth, CEO of aviation consulting and finance group Seabury, which is looking to support airlines in optimizing their business models.

In a presentation at the IATA/Wings Club Aviation Day in New York City on February 25, Luth demonstrated that currently more than 75 percent of airliner profits are being earned by carriers in North America and the Asia Pacific region. According to his analysis of IATA data, the outlook for Asia/Pacific is "troubling", while the performance of operators in Europe, the Middle East and Latin America is "sub-par."

Luth pointed out that North America has seen far more airline consolidation than in Europe and Asia, but conversely the market penetration of low-cost carriers has been less. At the same time, he suggested that lower oil prices have arguably made airline bottom lines look better than they might otherwise have been, and cautioned against counting on this trend as the basis for an ongoing business model.

In its bid to help airlines improve their performance, Seabury (Hall 4 Stand H108) is investing to increase its portfolio of proprietary analysis software. The most recent addition came with the acquisition in May of a minority stake in Rainmaker Business Technologies, which works with carriers to better understand and manage operating performance and related costs, such as crew pay and fuel expenses. Seabury's Human Capital division has an option to take a majority stake in the Irish company.

Seabury Aviation Consulting also has a portfolio of software tools that include SAPGnet, which forecasts route and network revenues and profitability. It has sold the tool to various carriers including IAG, Star Alliance, JetBlue and South African Airlines. The division also offers its SAPGfam fleet allocation and optimization system and SAPGalliance, which analyzes airliner partnerships. The group also offers software for tasks such as project management, maintenance, repair and overhaul, and performance analysis.

This month, Seabury is starting a consultancy project for Kazakhstan's Air Astana, which wants to revise its business plan to take account of shifting market conditions. The company will be advising on plans to expand international operations and the implications this will have for fleet renewal.

New York-based Seabury also includes the Seabury Capital division, which owns a number of specialist finance companies that can provide services such as mergers and acquisitions support and raising capital. The company can also assist with asset management issues for aircraft fleets.