



# OFF THE BALANCE SHEET

Our annual look at the concept of leasing and renting reveals that growing interest is very much the order of the day. Alwyn Brice brings an update.

**W**hy buy? Ask this question of any handler and the chances are that the answer will refer to a policy of tradition. Leasing and renting of airside equipment is very much a recent development, virtually unheard of before 2000. Once you have grasped that essential, then other factors start to fall into place. Despite it being such a nascent industry sector, it's encouraging to record that more and more customers are dipping their toes into the water to experience what leasing can bring to their operation.

### The past master?

TCR's reputation is often focussed on its perceived status of being the leading provider of rented GSE to ground handlers and airlines, a perception underlined by its long experience in this specialist sector. Whilst this is indubitably the company's core competency, over many years TCR has also enhanced its expertise and knowledge to encompass a USP which is built on a philosophy of quality and flexible products

intended to complement the whole customer GSE journey. Simon Houlahan takes up the story:

"We pride ourselves that our sound market savvy and experience has allowed us to provide a first rate maintenance and repair business, with state-of-the-art facilities, in-house parts sourcing and supply, refuelling, fleet management, diagnostics equipment, optimisation tools and telematics.

"Through our specialised know-how and experience in maintenance and repair services, TCR covers a full range of services and is setting high standards for GSE quality, with well-maintained GSE delivering guaranteed availability levels and full compliance with safety and environmental regulations.

"There are many advantages to working with TCR, which benefit our customers and promote gain share in comparison to our customers owning the GSE and in-house maintenance resources. These partnership benefits are both from an operational and financial point of view.

"TCR has invested heavily in facilities and state-of-the-art tooling and diagnostic equipment. These investments have worked to ensure that our most important resource, namely our people, are safe and secure in their working environment and that they are working with team members and stakeholders to continuously develop their skill set and experience. TCR's employees participate in a personal development planning exercise and the resulting training programmes are constantly being adapted to target areas where we can further complement our service offering and customer support whilst also developing our people to become GSE champions in the airport environment."

Simon adds that the customer is fundamental to the whole: through constant liaison, TCR is able to share best practice and knowledge, ensuring continuous development.

"The level of detail which our bespoke software is able to produce often allows us to partner our customers when collaborating with the supply chain and GSE providers, ensuring improvements across the entire stakeholder community. This approach with customers promotes constant re-evaluation of the assets in the fleet and drives cost-optimisation on all fronts," he explains.

He reveals that TCR is currently seeing

growth in most areas of its business units and is engaged in a number of high profile tenders to retain its current customer base, as well as attract and win new business partners for the future. Customer retention is highly prized: it's also a measure of the satisfaction to be derived from pursuing the concept of the lease.

### Pooling... and reporting

He continues: "For our repair and maintenance customers, an SLA is set in order to meet both availability and reliability requirements. TCR also uses information on the GSE in order to optimally manage operations. One example is the monitoring of GSE deployment to avoid excessive usage, misuse and reduce the risks of accidents. The information shared between us allows a fluid approach to GSE location and utilisation.

"Most airport stakeholders will be aware that the pooling of GSE is something which is gaining traction in the industry. Many believe that in order to tackle the issues which do not complement the airport environment, such as traffic, emissions, age

profiles, fleet standards and telematics, a change in this area is fundamental. TCR has been at the forefront of piloting this activity at a number of locations but what is not so well publicised is the fact that TCR has been operating shared usage contracts for over a decade. It is our strong belief that through shared usage a number of airports can tackle the aforementioned issues whilst also saving money for the airlines and handlers through synergy and volume. This will have a positive impact across the spectrum, both for rental and repair and maintenance.

"Besides cost considerations, the quality of the GSE cannot be overlooked. Our customers benefit from comprehensive reporting on GSE. Specific reports are issued on a weekly and monthly basis on damage spend, utilisation, availability and general fleet information."

Quality, emphasises Simon, goes hand-in-hand with safety and in this area TCR has a dedicated compliance team which stays in tune with local legislation. By keeping a close eye on near misses, incidents and suspect usage (which is documented and tracked in its ACAPA system), TCR

prevents unauthorised and inappropriate utilisation of the rented GSE through analysis and targeted toolbox talks and training programmes.

"It is now widely recognised that TCR's services are a convenient, fast, cost-efficient and reliable process for those using GSE on a large scale. Instead of duplicating processes, technologies or fixed costs in general, TCR's customers can choose to outsource these functions in order to redeploy their capital into the areas where we can make a difference to our own value proposition as service providers."

### Developments in the US

If Europe is benefitting from the idea of the lease, what about other parts of the world? The US market, for example, has been exhibiting growing interest in this concept.

Only two years old, Xced Aviation Services, an offshoot of Sasser Family Holdings, has come a long way in a very short space of time. When this magazine interviewed the company's William Long in Las Vegas, soon after the start-up of the operation, it was indeed a modest

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companies enjoy a solid reputation for providing quality GSE and related maintenance services to the aviation sector.

Together, TCR International's GSE leasing expertise and Aeroservicios' GSE repair and renovation background should provide the necessary experience with which to rent and maintain GSE on a full service basis in the Americas.

The two companies will procure the motorised GSE that will be leased to TCR Americas which will, in turn, rent the GSE to customers. Otherwise, TCR Americas will source the non-motorised GSE and will perform the repair and maintenance services on both the motorised and non-motorised GSE rented to its customers.

### A view from Asia

At Aviation Equipment Leasing, which is based in Singapore, Teo Lye Seng reports that aside from Singapore's SIAEC registering an interest in leasing four towbarless pushback units, his company has received some enquiries from Indonesia on GSE leases in respect of both baggage tractors and pushback tractors. The remainder of the countries in the region have been quiet, though.

He notes optimistically: "From the discussions with SIAEC, the senior management have indicated that moving forward, interest will be more focussed on leases rather than equipment acquisition."

Finally, TCR has also been making the news in Asia: TCR Malaysia commenced operations in September 2015, after the acquisition of Agriquip GSE rental and R&M activities. TCR Malaysia now operates at a total of 15 airports throughout Malaysia, supporting all GSE users in the Malaysian market.

Since commencing operations, TCR Malaysia has been able to achieve record availability rates for its customers through its industry-leading full service rental offering, which is built on a strong foundation of operational systems and technical expertise.

The Malaysia team consists of a large Malaysian workforce, with support from TCR experts deployed from established TCR operations in the UK, the Netherlands, Belgium and France. With this, TCR has been able to quickly build on the existing capability of Agriquip, and make its services available to its Malaysian customers.

Recently, TCR Malaysia opened its airside workshop at Kuala Lumpur airport. This has meant it becoming the only independent, fully equipped and dedicated GSE workshop at the station. This facility has been set up to provide customers with faster support as well as onsite capabilities and will be able to handle virtually any sort of GSE repair. **ghi**

undertaking: William had but a handful of staff and a wide-open marketplace. Fast forward to mid-2016, and the company employs 400 worldwide and has a presence at 46 airports. The US, says William, is very receptive to the lease idea at the moment.

"GSE manufacturers are backlogged three or four months, so it's a robust sector at present. Handlers and airlines are both doing well. Because the market is so buoyant, we've had to look at trying to level off our inventory to tie in with this. It's a juggling act really, knowing what to have in stock: part of the decision relies on trying to forecast future requirement."

So the feeling in the marketplace is a positive one?

"Most definitely; after two years we have finally gained the attention of a major US carrier. We achieved this not because we were offering a lease product; the reason we succeeded was down to offering a lease and a services package. By presenting the whole thing, which means that we take care of all the servicing and other requirements, the carrier is freed up to focus on its main business. So what we are talking about here is a cradle to the grave facility, a hundred percent package that covers everything. Basically, we've made their job simpler."

However, much as the US marketplace is interesting, it's Europe that is constantly appearing on William's radar. "We've also had interest from Latin America but it's not an easy marketplace for us," he admits. "Politically and legally there are problems; and the taxation system is less than helpful. Canada, though, is a very different story – we are doing a lot of business there."

Aside from the lease and the service package, William has other cards to play.

At the moment the Xced team is looking at the topic of pooling. No great surprise this, perhaps, in the light of some of the earlier comments in this article. It came about when Xced visited an airport and

realised that here was great potential for a reduced fleet, since a proportion of it was simply being under-utilised. By mid-summer this product should be available to interested parties.

And there's more besides. William mentions that also on the horizon is an expansion of the company's refurbishment programme. Like pooling, refurbishment lends itself to leasing operations and William deems this a perfect fit. Xced currently operates such a facility at Indianapolis but the bigger plan will see units being opened on both the East and the West coasts.

"We're not setting out to take on the big boys," stresses William. "That's not our business. Our operation will be more modest but with the geographical spread, it will answer our requirements. We are able to carry out zero hours refurbishments because we are able to source rebuilt engine units; lighter reconditioning can also be performed."

On February 2 this year, TCR International USA and Aeroservicios USA established a 50/50 joint venture company called TCR Americas. The new enterprise will act on behalf of both parent companies to develop the ground support equipment full service rental market in North, South and Central America.

TCR International brings the experience of the parent company to the table whilst Miami-based Aeroservicios is an established worldwide provider of high quality new and refurbished GSE (see the *refurbishment article on page 40*). Aeroservicios has extensive relationships with domestic, international, regional, commercial, cargo and charter airlines, including major ground handling companies and fixed base operators.

It holds a large inventory of equipment and supplies it through direct sales, lease plans and short term rentals. Both