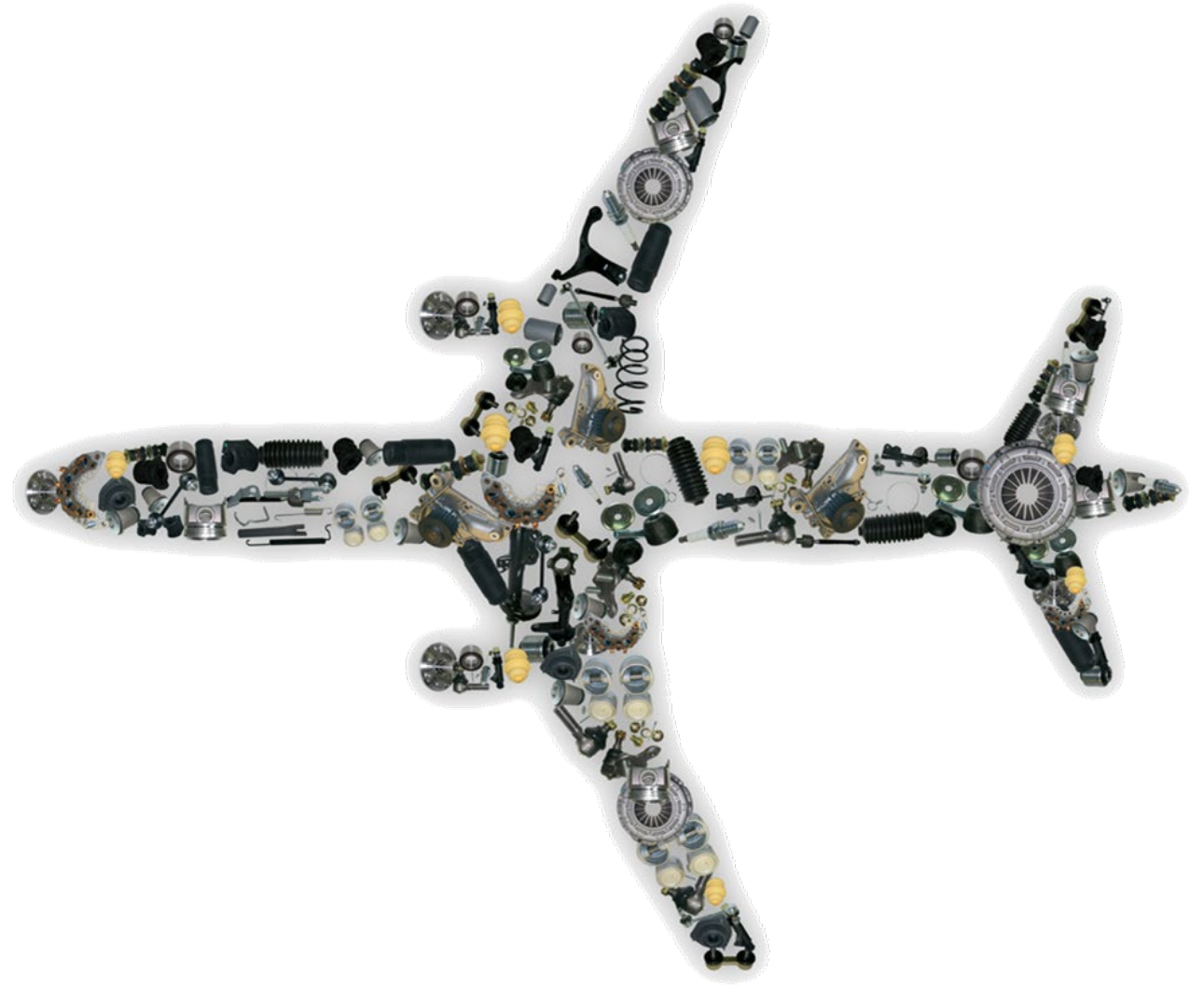


# Taxiing for Takeoff

**Time to rethink and retool your  
aircraft service operations**



**accenture**

# Taxiing for takeoff

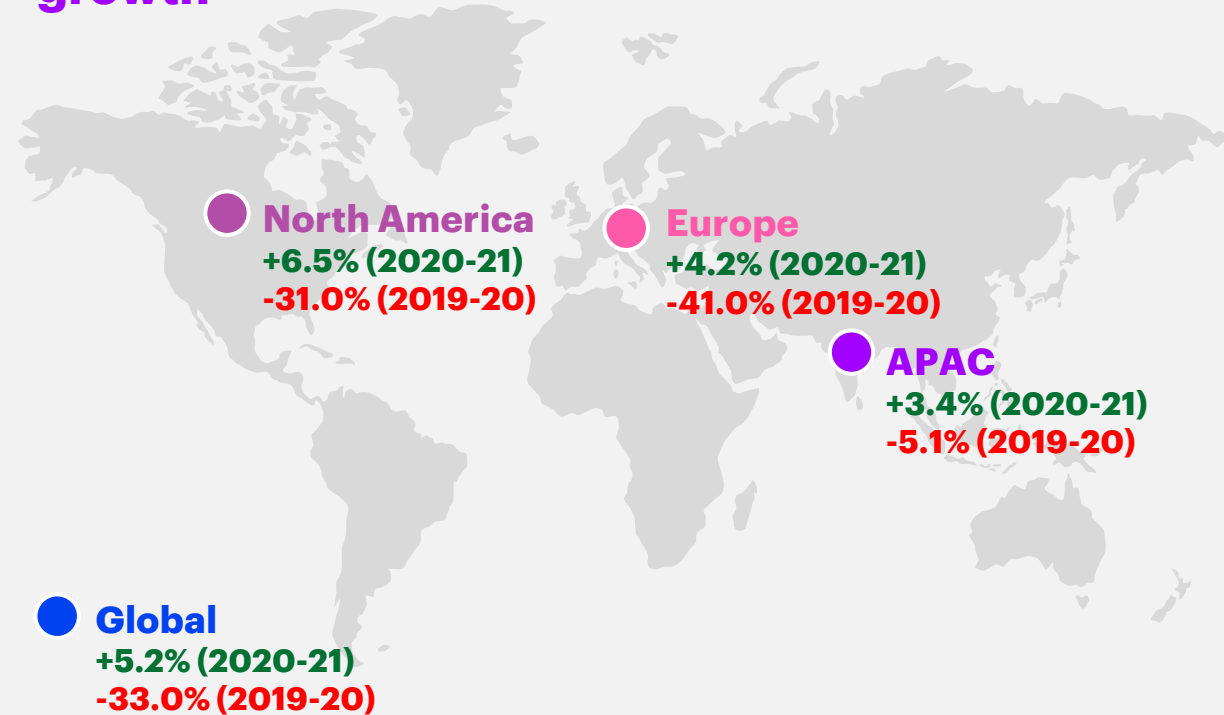
Over the past year, passenger expectations shifted monumentally, and hangars became warehouses rather than economic engines. However, doom and gloom is done. From where we are today, Accenture research shows that half of aerospace executives see growth this year.<sup>1</sup>

Everyone is jumping onto the growth bandwagon for 2022.

**Almost 80% of aerospace and defense executives have growth** in mind in that timeframe.<sup>2</sup> Aircraft service providers are taxiing for takeoff as the aviation market resets. Over half of aerospace executives anticipate growth over the next 18 months.<sup>3</sup>

The foundation for meeting airline maintenance expectations has been on increasingly shaky ground. As an example, parts availability is a key element of MRO. In early 2021, only 57% of aerospace and defense executives felt that their supply chain strategy was linked to customer value propositions.<sup>4</sup>

## Overall commercial aerospace market growth<sup>3</sup>



## On the road to recovery

Recovery is almost certain to be uneven, with different regions recovering at different rates and setbacks affecting schedules and the public's willingness to travel. As they prepare for growth, aircraft service providers need to leverage their data and up their game to avoid the results of the past where Accenture research showed **aircraft service providers did not meet expectations up to 77% of the time.** <sup>5</sup>

**As flight hours increase and maintenance demand picks up, recovery can happen. It will bolster the use of serviceable spares from retired aircraft and new ways of financing MRO operations, such as remainder of service life green-time leasing.**



# 2021: What keeps airline maintenance executives awake at night ?

Out of necessity, airline executives have prioritized the immediacy of keeping the lights on. They have focused on supporting their people and passengers. They are stabilizing cashflow, aligning their businesses with evolving demand and identifying what growth pathways may exist, such as increased freight capacity. Airline executives told Accenture that their short-term MRO operational priorities revolve around cost control-related challenges.<sup>5</sup>

## Top cited MRO operational priorities

1. **Improve logistics performance**
2. **Improve MRO activity cost control**
3. **Decrease aircraft sustainment costs**





A technician in a blue uniform is working on the engine of a red aircraft in a hangar. The technician is using a tool to inspect or adjust the engine components. The aircraft is suspended in the hangar, and the technician is standing on a platform. The background shows the interior of the hangar with various equipment and structures.

**How can aircraft service providers set up for growth to deliver on airline expectations with a service-centric approach and resolve their talent gap?**

**To remain competitive, aircraft service providers should meet customer priorities with laser beam focused digital investments and a new talent strategy.**





# 1. Rethink airline priorities

Work back from customer priorities to drive a service centric mentality and better anticipate what types of work could re-emerge as a new fleet mix emerges. As old strategies nor a single technology could drive significant improvements, customer expectations- might need to be met with alternative approaches.



“

*One of the things I've always recognized on that side of my life is the sharing of information is only as good as the other side is capable to digest and do something with it.*

*– airline supply chain VP*

”



# Moving into 2022: What are the emerging priorities most airline executives are concerned about?

As passenger demand is expected to recover over the next five years, airline executives are considering how they move on from survival mode to recovery. Accordingly, most airline executives said their top five longer term MRO priorities would shift from cost control to a broader set of priorities.

## Top cited longer term airline MRO operational priorities

1. **Increased aircraft availability**
2. **Better vendor contract management**
3. **Improve supply chain performance**



## 2. Retool operations

Embrace a digital approach with targeted investments that immediately impact operations and increase the flow of key data that can be transformed into insights. Leveraging data inside and outside the company can help hone those targeted investments.



“

*The more data you can give us in a real-time type format, the more predictable, the more responsive we can be*

*– airline engineering VP*

”





## Digital DNA

Digital is a key enabler for rethinking efficient operations, from scheduling to remote inspections. Airline and MRO executives told Accenture that that communication, predictability and process visibility are the fundamental steps needed to make progress. <sup>6</sup>

# 60%

**of airline executives cite problems with managing large amount of data and complex workflow as the main problem with using and sharing data**



# Companies can unite to drive value from data

In the face of shoring up their respective operations and setting up for the aviation rebound, MRO service providers and airline both share challenges that present a unique opportunities to extract value from aircraft data.

## MRO service provider top cited challenges when sharing and using aircraft data with airlines

1. **Difficulties to forecast demand**
2. **Timely and honest communications**
3. **Lack of standard processes across activities**

## Airline top cited challenges when sharing and using aircraft data with MRO service providers

1. **Finding real world use cases for the data**
2. **Complex workflow**
3. **Developing software to use the data**

### 3. Reprogram project management and supply chain

Project management and supply chain/logistics are low hanging fruit to drive differentiated and more competitive offerings. Optimize project management and the supply chain through a platform approach for parts intelligence and smart program management. These can increase capacity and facility utilization to better serve a new and different fleet mix.



“

*If I look at the time when the aircraft is available to be inducted but the hangar is not available because the previous job is taking longer time, it is essentially wasting time...*

*– airline strategy and optimization executive*

”



# Airlines know where they need the most help

Airline executives told Accenture they felt MRO providers can most help them in the areas of supply chain and project management.<sup>7</sup>

What those areas mean in today's environment is different in how they are addressed by digital operations that factor in digitally-augmented workers and retooled operations.

## Top cited areas airline executives believe MRO providers can boost their operations

1. **Logistics management**
2. **Parts magement**
3. **Quality assurance management**

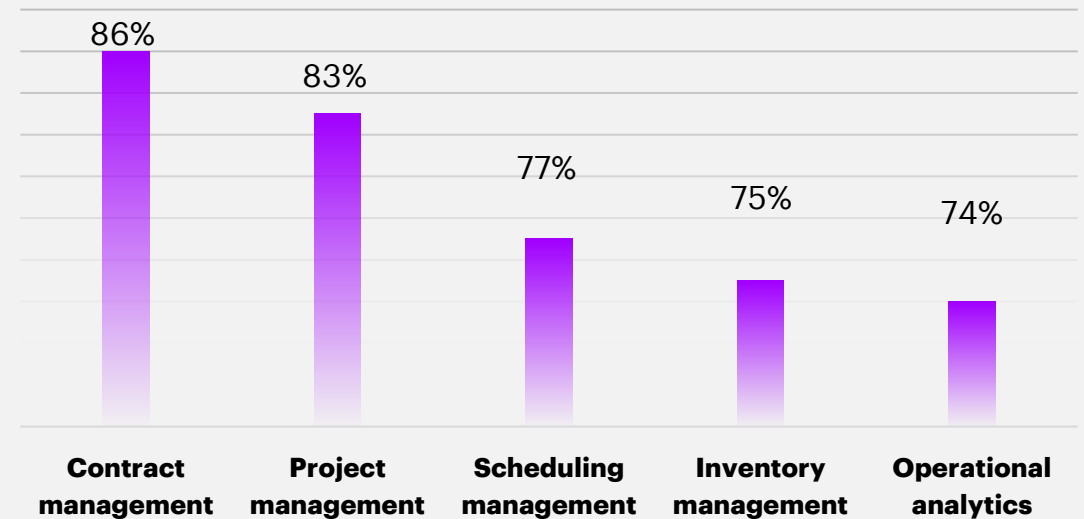


## What if legacy stays legacy?

Legacy MRO systems struggle to support the improvement areas where airlines feel providers can help. MRO executives told Accenture their legacy systems are not meeting expectations in core areas.<sup>8</sup>

Today's MRO systems are likely to be around for a while with limited replacement funds. MRO providers should target technologies such as cloud to digitally decouple specific processes from inflexible, legacy systems. Some great examples of augmenting digital adjacencies include streamlining induction processes and better inventory management.

## Top 5 MRO software functions not meeting expectations



## 4. Reconnect your workforce

As staff comes back on board, invest in their certifications and digital skills. Solutions such as connected technicians can help overcome field limitations and localized staffing challenges. These can drive differentiated customer experiences while increasing the quality, knowledge transfer, and workforce efficiency.



“

*...One of the biggest bang for the buck improvements would be electronic or digital work cards with a tablet in the hand of every mechanic. Rather than paper that could be scanned in chicken scratches and hard to decipher. The richness of data with an electronic work card and electronic workflow can be very powerful in an aircraft maintenance organization.*

*- US airline engineering VP*

”




## People are the linchpin to process and technology

MRO requires highly specialized capabilities. From logistics management to line checks, each function can uniquely benefit from targeted workforce investments in areas that airlines usually see as higher value.

MRO providers have an amazingly sophisticated and talented workforce. As the market ramps back up, having the right talent with the right skills in the right location could be paramount. MRO provider executives told Accenture these are the areas that their workforce would benefit the most from digital investments. <sup>9</sup>

## Top cited workforce benefits of digital investments

1. **Access to information when and where needed**
2. **Right skills where and when needed**
3. **Seamless integration across activities**



## Prepare for takeoff and don't return to the gate

“

The pandemic will at some point lessen or even go away, which will lead to recovery. Industry players need to prepare for that recovery so they're ready to reap its benefits when it happens

– airline supply chain VP

”



# Redesign to deliver on expectations

MRO executives have bold goals over the next three years to build upon the airline industry recovery. Selectively redesigning the MRO delivery organization with a focus on airline priorities could be crucial to achieve these goals.

## Top 5 MRO provider priorities

1. **Expand into MRO adjacencies from our current MRO offerings**
2. **Stay ahead of our competition**
3. **Increase digital skills to better leverage aircraft data**
4. **Increase profit margins**
5. **Overcome skills shortages**





# Redesign to deliver on expectations

Accenture's conversations and interviews with MRO service provider and airline executives have highlighted four areas to both build a customer-centric service model and resolve their talent gap to exceed expectations and set up for post-pandemic aircraft services growth.

These areas of action can deliver immediate results, building upon what you already have with minimal immediate financial investments required.

## Top cited workforce benefits of digital investments

1

### Rethink airline priorities

Customer expectations can be met with alternative approaches

2

### Retool operations

Operations can fuel customer-centric workstreams

3

### Reprogram project management and supply chain

Increase utilization to better serve airlines

4

### Reconnect your workforce

Your workforce holds the key to improving customer interactions with quality, knowledge and efficiency

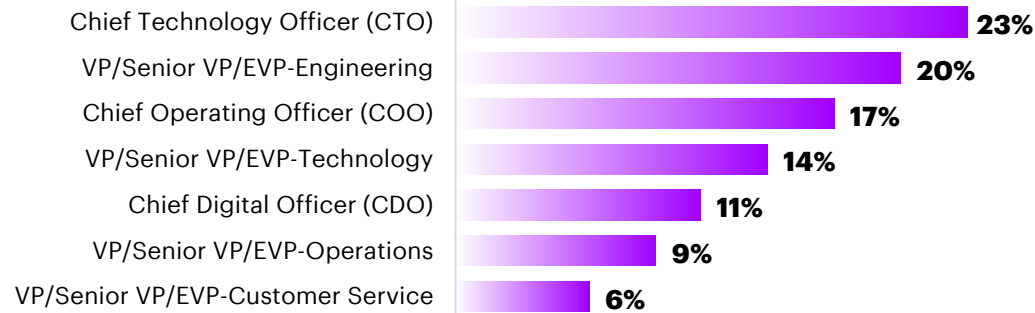


# Sample comprises 35 Aerospace and MRO Services Providers and 70 airlines executives across 4 geographies

## Aerospace and MRO Service Providers

### Distribution by functions

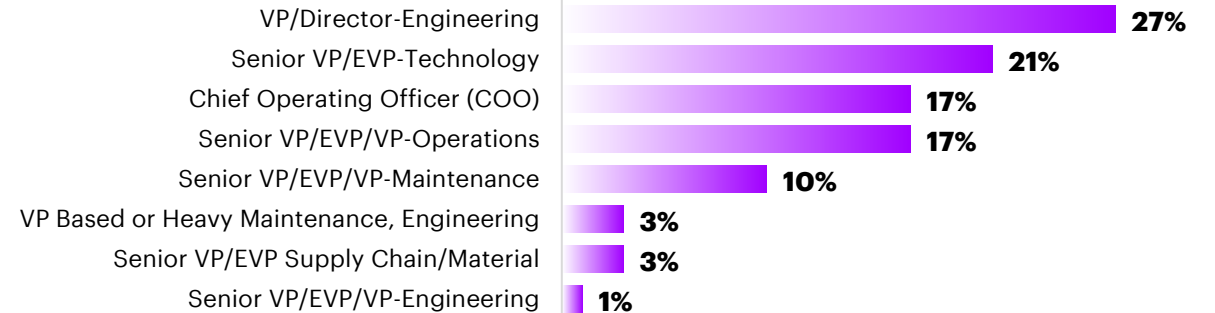
(Percentage of respondents)



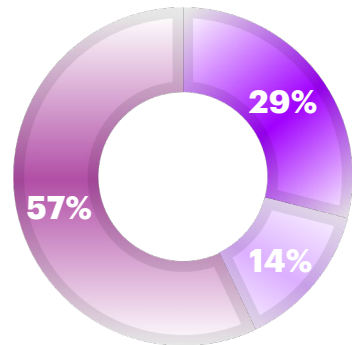
## Airlines

### Distribution by functions

(Percentage of respondents)

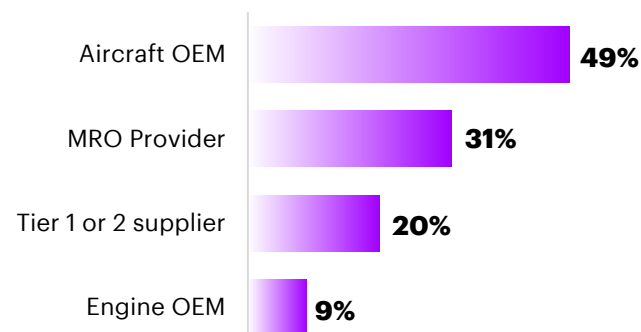


### Distribution by region

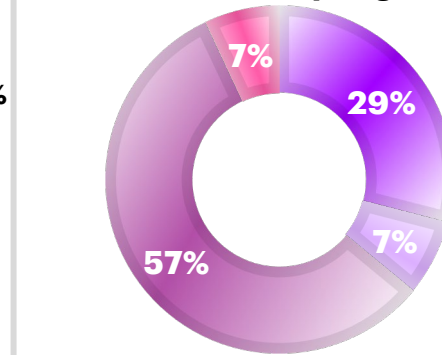


■ Europe ■ APAC ■ North America

### Distribution by business model

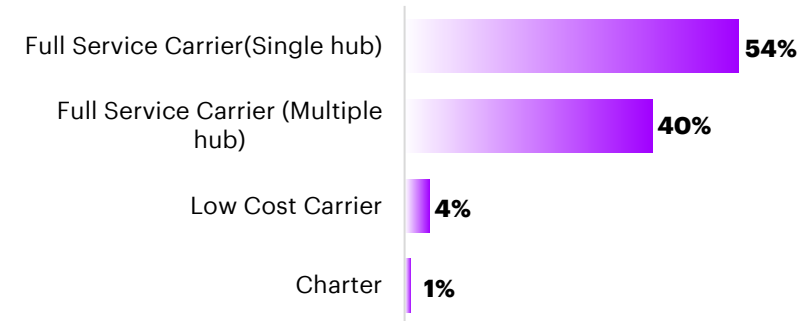


### Distribution by region



■ Europe ■ APAC ■ North America ■ Middle East

### Distribution by business model



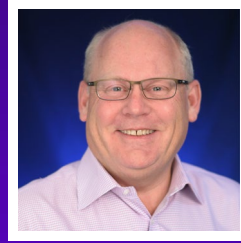
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## About Accenture

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