



Aircastle

Reducing risk and increasing efficiency with accurate aircraft lease management and forecasting

Key points

- Reduces quarterly lease incentive accounting workload by 75 percent
- Accelerates analytics, replacing spreadsheets with one-click reporting
- Frees staff to focus on higher-value analysis, not number-crunching

Summary

Maintaining commercial aircraft is a capital-intensive business, so Aircastle needs to manage its lease income carefully to ensure that it always has the resources available at the right time.

Aircastle has built a powerful lease management platform using AMT-SYBEX Leasepoint software, with advanced forecasting capabilities that help the company stay ahead of the competition.

Today, Aircastle has instant insight into critical lease accounting metrics, reducing the risk of human error and saving weeks of manual work.

Profitability linked to forecasting
Leasepoint is used to enhance the forecasting capabilities of Aircastle

The challenge

Planned maintenance on an aircraft and its engines can cost tens of millions of dollars, and when you are dependent on the tight margins of the airline industry, managing cash flows is a significant risk. As a lessor, Aircastle must be able to accurately forecast lease income and maintenance costs.

The solution

Since the beginning of its business, Aircastle has relied on AMT-SYBEX's lease management solution. A recent upgrade to the latest version of Leasepoint is helping the company enhance its forecasting capabilities—delivering a depth of insight that is the envy of many other companies in the industry.

The benefits

- Aircastle can now set up a new aircraft in the system within minutes and gain a full view of maintenance requirements throughout its lifecycle
- High-quality, detailed data on every aircraft helps to ensure that forecasts accurately anticipate maintenance events and costs
- Monthly cashflow forecasts for the entire fleet can now be generated at the press of a button
- A central system reduces the risk of errors and saves hours of manual consolidation work
- Lease incentive accounting, which used to take four to six weeks per quarter, can now be completed in under a week
- New capabilities such as recoverability analysis and return compensation will be added to the system soon—reducing manual work even further

The numbers

Aircastle owns 246 aircraft leased across 85 lessees in 46 countries

Aircastle is one of the world's leading commercial aircraft leasing specialists, with a track record of delivering value for its investors through regular dividends. Over the past decade, its fleet has almost doubled in size—as of December 31, 2018, it owns and manages 261 aircraft, which are leased to 81 lessees in 44 countries.

Howard Brewer, Vice President Technical Operations at Aircastle, comments: "In my 12 years at the company, I've seen tremendous growth in the size and complexity of our operations. The reason we've been able to scale so successfully is that we have always focused on understanding our fleet down to the smallest detail. To make the right operational and financial decisions, you have to be able to see what's coming—and that means you need a data-driven approach."

Keeping cashflows in balance

For any aircraft leasing company, an overriding concern is to be financially prepared for the large capital outflows around major maintenance events. Keeping modern planes in the air is an expensive business: refitting a single jet engine can cost more than

USD 10 million, and Aircastle has more than 500 engines to keep track of.

Aircastle needs to manage its cashflows carefully, creating maintenance funds for each aircraft and collecting contractual maintenance payments from lessees on a regular basis. This helps to build up the company's reserves and ensure that it always has sufficient capital to cover all its maintenance obligations at any given time.

"Manufacturers provide guidance to airlines for when their engines and other components need to be brought in for maintenance, but the events are dependent on a variety of factors," explains Brewer. "They need to be adjusted based on the aircraft specification, the amount of time the plane spends in the air, and the type of flights that it is doing."

For example, take-offs and landings put much more strain on the engines than cruising, so planes that are doing multiple short-haul trips per day will reach their limit sooner than those doing intercontinental flights.

Accurate data

Data records of each aircraft must be maintained to more precisely anticipate expensive maintenance events.

As a result of these variations, accurate forecasting becomes a must-have capability for Aircastle. It needs to understand information on each plane and engine, such as the thrust it is operating at, and the number, distance and types of flights that the lessee is using it for. Updating these numbers on a regular basis provides the data the company needs to anticipate the airline's maintenance events with much greater precision.

Building on solid foundations

Since the earliest days of its business, Aircastle has used lease management and forecasting software from AMT-SYBEX to support these core business processes. When Howard Brewer joined the company and was asked to lead the technical operations team, his first objective was to ensure that the company used the software to its full potential.

"When we first implemented the system, we didn't understand the importance of standardizing processes around data entry," he says. "My job was to build better governance around the system, and once we put some checks and balances in place, we really started to see an improvement in data quality. Once people started trusting the system, we really began seeing the benefits."

For example, although the company had always used the solution to create its main maintenance forecasts, it still handled some other tasks manually with spreadsheets. Every quarter, the company spent four to six weeks producing manual analyses and reports.

As Howard Brewer's team won the trust of the accounting and finance departments, they realized that they could use the system to automate large parts of other processes, such as lease incentive calculations. As a result, the reports can now be produced in just one week—freeing the company's accountants to work on more valuable tasks.

Embracing the latest technology

Recently, the company decided to upgrade to the latest generation of the solution: AMT-SYBEX Leasepoint.

Leasepoint leading the way
 "...There's nothing else on the market that's even nearly as robust, flexible and feature-rich as Leasepoint."

"AMT-SYBEX came to us with the new platform, and we were interested—but we weren't going to move until we'd done our due diligence and explored all the options," says Brewer. "We went out and talked to others who use products from various competitors. Our conclusion was that there's nothing else on the market that's even nearly as robust, flexible, and feature-rich as Leasepoint, so it turned out to be an easy decision."

Aircastle prepared for the migration very diligently, spending several months testing Leasepoint and comparing its results to the existing system before finally switching over.

"We worked closely with the AMT-SYBEX team from the start of the project, and our preparation really paid off," says Brewer. "After the go-live there were very few bumps. We see it as a very successful implementation, and we're now keen to push the solution forward by working with AMT-SYBEX to develop new functionality."

Forecasting drives competitive advantage

One of the most important features of the new version of Leasepoint is its additional functionality around engine event forecasting, which includes data about the maintenance history of individual engine components to create even more accurate forecasts.

"Forecasting is the reward for all the work that you do to get your data in shape," says Howard Brewer. "Because we take such a disciplined approach to data management, we already have the level of detail we need as an input for component-level engine event

forecasting. Leasepoint now gives us the tools we need to turn that data into competitive advantage.”

Putting data quality at the heart of operations

Aircastle is one of the first lessors to succeed in building a robust forecasting model, and industry peers often ask Howard Brewer what the company’s secret is.

Getting the foundations right

“You can’t leave it up to a consultant to fix your data, you need to build a culture where everyone takes data quality seriously as part of their daily work.”

“There’s no real secret,” he says. “It’s all about laying the right foundations in terms of populating your system with as much accurate data about your aircraft as possible. You have to invest in this yourself—you can’t leave it up to a consultant to fix your data, you need to build a culture where everyone takes data quality seriously as part of their daily work.”

When a system like Leasepoint is used effectively, the results are quickly evident. For example, Aircastle has created processes that it uses to set up a new aircraft in the system within minutes. The process specifies fields where the user must enter the appropriate technical information from the manufacturer or airline, with checks and balances in place to maintain data quality in order to create forecasts that the business can trust.

Howard Brewer comments: “Once you’ve created the record in the system, you can see all the maintenance events and all the cash inflows and outflows for every component, for the whole lifetime of that aircraft. All you need to do is update the flying hours and cycles once a month, and you can get an accurate cashflow report across the whole fleet in a matter of minutes.”

Realizing the benefits

With Leasepoint, Aircastle has the solution it needs to continue growing its business while keeping its administrative processes as lean and streamlined as possible.

“The automated reporting capabilities of Leasepoint are a huge benefit,” says Howard Brewer. “We’re already saving weeks every quarter on lease incentive accounting, and hours every month on cashflow reporting. We’re eager to move more processes into the system in the near future.”

Howard Brewer concludes: “Leasepoint has already helped us get ahead of the game and build forecasting capabilities that are the envy of the industry. We’re keen to press home that advantage by working with AMT-SYBEX to drive greater innovation and efficiency.”

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About AMT-SYBEX

AMT-SYBEX creates enterprise software and delivers associated services to the infrastructure and energy industries. Our Leasepoint product is a flexible leasing software solution designed for airlines and aircraft lessors.

About Aircastle

Aircastle Limited acquires, leases and sells commercial jet aircraft to airlines throughout the world. As of December 31, 2018, Aircastle owned and managed on behalf of its joint ventures 261 aircraft leased to 81 customers located in 44 countries.

For more information, email: communications@amt-sybex.com