A race to the bottom?

Jon Conway, Director General, Airport Services Association (ASA) called ground handling a “tough business that is not going to get any easier” during his presentation on the ground service provider perspective at yesterday’s IGHC.

ASA is a not-for-profit organization with 85 members. Conway suggested numbers could grow given a seismic shift in the ground handling landscape, largely characterized by the move from self-handling to outsourcing.

Conway cited figures that show 70% of ground handlers will be independent rather than airport or airline self-handling by 2022. Airline activities once deemed core are now outsourced and there could be more to come, he said. That underlined the need for an association to represent the views of the ground handling industry.

Conway highlighted other key trends in ground handling. He applauded the increasing use of the IATA Ground Operations Manual and called turnaround by type rather than carrier a “no-brainer”. He added: “There is no downside. It is the way to go, particularly in difficult environments.”

Competition is another major factor going forward, according to Conway. Airlines like competition among ground handlers, but too many companies seem to be cutting their own throats to get business. Conway described this as a race to the bottom. “Sustainable profitability will be a challenge, particularly as the airline customers also struggle with that,” he said.

Conway also explored the rise of the machine, noting that robotics, autonomous vehicles, artificial intelligence, and many other technologies are coming into play. That will force ground handlers to continuously reinvent their business models and services.
Dealing with the challenges of airport management

Standardization and partnerships are vital if airlines, airports, and ground handlers are to find the efficiencies necessary to handle the increasing demand for air travel. A panel on the challenges of airport management at yesterday’s IGHG agreed that the two concepts are entwined, and one cannot properly exist without the other.

“Without standardization, resources have to be increased and that adds cost for everybody,” said Gordon Anyimu, Acting Director, Ground Services, Kenya Airways.

Andy Lord EVP, Europe, Middle East, Africa and India, Menzies Aviation, warned, however, that though standardization is the way forward, there isn’t yet the collaboration necessary to achieve that aim. Airlines have different ways of working, with each believing their way is best.

An additional problem, highlighted by Mohammed Aziz, Advisor to Chairman, Middle East Airlines (MEA), is that each party—airline, airport, and ground handler—has a separate agreement with the other two parties. Service level agreements (SLAs), and the procedures, standards, and targets associated with them, are often opaque. Without transparency, finding common ground is difficult.

Lord also asked for the value of the service provided to be acknowledged by airlines. “We are all trying to run a business and make a commercial return,” he added. “There has to be recognition of that.”

Only by making money can a ground handler invest in the efficiencies that airlines crave. As Liam Bolger, Head of Airside, London Luton Airport Operations succinctly put it: “You can’t drink champagne for beer money.”

But there were many reasons to be hopeful for the future. Though airlines often have their own way at their hub, it is different at outstations. And because airlines have more outstations than hubs, standardization becomes a critical component.

Also, common objectives or common problems often provide the impetus for change. At London Luton, for example, on-time performance was suffering, affecting the reputations of all parties. Working together has proved beneficial.

And the truth is that passengers have common goals, such as an on-time departure and for baggage to turn up quickly and safely. That makes standardization more likely than not.

“It’s about learning as a community,” said Lord. “Too much time is spent on tactical decisions within SLAs rather than talking about strategic direction. A lot more thought should be put into making partnerships meaningful.”

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Gala Networking Reception
Building an end-to-end journey

IATA estimates that most of the 100 biggest airports by passenger volume need major infrastructure development in the next decade to keep pace with projected growth.

The solution is to look to new technologies and processes and to consider the airport in the context of an end-to-end journey. This is a reversal of the traditional method of shoehorning systems and processes into buildings, inevitably leading to inefficiency.

The New Experience Travel Technologies (NEXTT) program—a collaboration between IATA and Airports Council International—is an evolution of IATA’s Airport of the Future concept. NEXTT is provisionally planned as a three-year program. Success will be defined by the provision of a forward-looking aligned approach for investment in on-ground infrastructure that promotes operational improvements and capacity growth.

Ultimately, we want to ensure that those who wish and need to fly can do so and aren’t prevented by inappropriate or insufficient infrastructure at airports and on the ground,” says Anne Carnall, IATA’s Program Manager, Future Airports.

A number of key airports are already supporting NEXTT, including Dubai, London Heathrow, Bangalore, Amsterdam Schiphol, and Shenzhen. A common data platform is vital to the success of NEXTT. IATA has launched Ramp of the Future, including Dubai, London Heathrow, Bangalore, Amsterdam Schiphol, and Shenzhen. A common data platform is vital to the success of NEXTT.

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IATA has launched Ramp of the Future (RoF), a project designed to bring together key stakeholders to modernize ground operations. Partners involved in RoF include members of the IATA Ground Operations Group and the Airport Services Association (ASA).

“New, smarter, more effective ways to operate, harnessing the power of new technology, need to be found,” explains Nick Careen, IATA’s Senior Vice President, Airport, Passenger, Cargo and Security. “Airport infrastructure is nearing capacity. Opportunities for greenfield sites or new-build terminals are limited. Now, smarter, more effective ways to operate, harnessing the power of new technology, need to be found.”

“But we will only be successful if we are working towards achieving a common vision. Ramp of the Future gives ground handling stakeholders the opportunity to influence their future.”

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There are three focus areas for the end-to-end journey:

- **Off-airport activities**
- **Advanced processing**
- **Interactive decision making**

One element in off-airport activities is an optional pre-clearance approach that will enable a risk-based assessment of the physical checks required. Governments and authorities will need to embrace digital travel authorizations and customs controls while airlines and airports also have a role to play in improving data exchanges and minimizing the need for physical document checks.

Establishing identity at the first touchpoint, a prime example of advanced processing, should be efficient and friction-free. IATA’s One ID project is at the heart of this, capturing identity data and then using robust identity management systems to authenticate the data at subsequent touchpoints. Meanwhile, passengers will have a multitude of check-in and delivery options for their bags. If ground transport modes conveniently connected to airports, it would allow for numerous, secure drop-off locations for baggage. Passengers could even commence their journey from these secure entry gates within the city, bypassing the need for processes within the terminal building.

Interactive decision making is also taking huge strides forward thanks to predictive modeling and artificial intelligence. Being able to crunch and communicate real-time data will allow ground operations to deal with all aspects of the passenger journey, while also keeping passengers informed at all times.

“One ID is moving travel toward a day when face, iris or fingerprint will provide a seamless experience.”

Nick Careen, IATA’s Senior Vice President, Airport, Passenger, Cargo and Security.
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