NEW 'HONEYWELL CONNECTED AIRCRAFT REPORT' REVEALS AIRLINE INDUSTRY ON THE CUSP OF MAJOR INVESTMENT WAVE

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The commercial aviation industry is at the beginning of a technology investment wave fueled by advancements in high-speed, in-flight Wi-Fi connectivity. In the new *Honeywell Connected Aircraft Report* (NYSE: HON), aviation professionals around the globe in the commercial aircraft sector reveal that spending on connected technologies will increase dramatically in the coming years, driven by a rapidly growing demand for solutions that enhance the passenger experience, save airlines money and improve operational efficiency.

Connected technologies are defined as those that make use of data sent to and from the aircraft to benefit passengers, pilots and operators. Some examples include applications that track fleet fuel usage; give pilots landing and navigation aids; crowd-sourced weather information accessed via mobile devices; and analytics solutions that use data from "smart" sensors, sending it to maintenance personnel or aircraft operators during flight.

The report finds that spending will be largely focused beyond the cabin, with maintenance ranking highest among the pain points that airline decision makers want to tackle. Investment in connected technologies is expected to rise significantly during the next 12 months, and to increase even more rapidly over the next five years. Honeywell offers more than 100 Connected Aircraft products and services, including network connections and hardware and software packages, to enable a high-speed, global Wi-Fi solution for nearly

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all aircraft platforms.

"The airline industry is beginning to seriously invest in Connected Aircraft technology to proactively improve daily operations. The result is airline employees performing their daily roles more effectively, while also delivering the kind of service that passengers expect, including increased safety and on-time arrivals," said Kristin Slyker, vice president, Connected Aircraft, Honeywell Aerospace. "With the massive potential for cost savings and improved operations, predictive maintenance is the No. 1 area in which airlines are looking to invest. Our research revealed nearly 60 percent of airlines are looking to purchase predictive maintenance technologies over the next year, and even more are expected to invest down the road."

The *Honeywell Connected Aircraft Report* features survey responses from maintenance personnel, flight and ground crew, fleet management personnel and other key stakeholders in the commercial airline sector on near- and long-term technology purchase plans. Connected Aircraft technologies are seen as one of the most important long-term investments to improve all-around operations and competitive standing within the industry. The benefits of these technologies also go well beyond passenger entertainment in the cabin. The next wave of investment in connectivity is to address three main challenges: maintenance effectiveness, fuel consumption and aircraft turnaround time.

Challenge No. 1: Maintenance

Maintenance issues routinely cause airlines to ground aircraft minutes before departure, which is never ideal for a business that relies on taking off and arriving on time and safely. These delays cost the industry hundreds of millions of dollars a year and contribute significantly to passenger dissatisfaction. Based on insight from commercial respondents, improvements in maintenance are the most important benefit airlines want to see from an investment in the Connected Aircraft. Maintenance was ranked as the top priority in the report, with 88 percent of respondents labeling it as an "Extremely Important" or a "Very Important" investment.

"In my business — commercial aviation — safety and reliability is paramount. Therefore, it is high priority to provide preventive, predictive and reliable maintenance," said one respondent from an aircraft original equipment manufacturer (OEM).

"We want to be able to predict when a component is about to fail, and change it before it does," said a fleet management professional at a passenger airline.

Challenge No. 2: Fuel consumption

Fuel typically accounts for 20 to 40 percent of an airline's operating costs. If airlines can reduce the amount of fuel used, that will make a dramatic impact on the bottom line. Therefore, it's no surprise that 73 percent of survey respondents listed fuel efficiency as "Extremely Important" or "Very Important" to an airline's investment plan.

"We are one of the biggest domestic operators with comparatively lower turnaround time, [so] fuel use data is a big concern for us. We are operating in a very busy environment; if a single flight is disrupted, it becomes a great concern to manage the schedule," said a fleet management employee at a passenger airline.

"Saving fuel, shortening or eliminating delays, and having better real-time information will result in lower operational costs. On the customer side, we want to be the brand of choice. The new generation of business travelers (our most lucrative customer) wants to be connected at all times

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and have information readily available. The airline that can provide this will have a competitive advantage," said a ground operations employee at a passenger airline.

Challenge No. 3: Aircraft turnaround time

To keep passengers happy and costs on track, pushing back from the gate in a timely manner for on-time arrivals is important. Passenger experience was one of the top reasons for airlines to invest in the Connected Aircraft, with 76 percent of respondents listing it as "Extremely Important" or "Very Important."

"Connected-related purchases will increase operational efficiency, improve fleet management, provide energy efficiency, ensure flight safety, give customers delight, [and reduce] aircraft turnaround time and costs," said an aircraft research and development expert at an aircraft OEM.

Big investment now, bigger investment later

Investing in the Connected Aircraft is important for airlines around the globe. In fact, 81 percent of respondents cited connected technologies as a high or very high priority for their business. And while 86 percent of respondents said they were looking to make a Connected Aircraft purchase over the next year, the number jumps to 95 percent over the next five years.

"[Connectivity technologies] are a high priority because of the accurate statistical data they provide in all sorts of ways. It's very important in this industry to have tools that help you be proactive rather than reactive. Connectivity-related products go a long way in making this approach possible," said a ground operations professional from a passenger airline.

According to the report, 61 percent of respondents are planning to spend more in the next year than they currently do on Connected Aircraft technology, and 69 percent are planning to spend even more in the next five years. Airlines are also willing to give that investment time to pay off; 27 percent expect a return between 12 and 18 months, and 28 percent expect a return between 19 months and three years.

About half of the respondents expect to spend up to $1 million per aircraft on connectivity technologies over the next year, with most looking to spend $100K to $500K. The bigger jump is seen over the next five years, with 38 percent of respondents reporting that they expect to spend at least $1 million per aircraft on connected technology during that time span. A full 17 percent plan to spend more than $10 million per aircraft on connected technologies over the next five years. These significant investments signal the increasing value of connected technologies in the coming years.

How Honeywell can help

Connectivity has reached a point of maturation where its value is being seen both inside and outside the cabin. Connected technologies help airlines and related businesses stay competitive and ahead of the curve, and help solve some of the industry's biggest problems.

"The Connected Aircraft brings immense opportunity to increase flight efficiency and productivity for pilots, maintainers and flight operations managers, while delivering a safer and more enjoyable experience for passengers," Slyker said. "Data is allowing us to help airlines maximize their aircraft utilization and increase their return on investment."

With a unique portfolio that spans network connectivity, hardware, software and a host of GoDirect® services, Honeywell is a leader in providing Connected Aircraft solutions for airlines,

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business jets, general aviation, helicopters and defense. The company's more than 100 Connected Aircraft products and services help customers predict maintenance, save fuel, shorten aircraft turnaround time, reduce delays and turbulence, and give pilots up-to-the-minute info while in flight. Honeywell has the solutions to help every customer harness its data to streamline operations, reduce costs and increase safety. By using Honeywell's JetWave™ to enable in-flight Wi-Fi and the more than 50 GoDirect services Honeywell offers, commercial customers can streamline operations to continue pushing the aviation industry forward.

About the survey

An online survey of 106 respondents from around the globe was completed in partnership with Gerson Lehrman Group. Respondents were first vetted with qualifying questions to help ensure their knowledge on the topic and that they were decision-makers or purchasers. If they met the criteria, the respondents proceeded to an online survey that featured a combination of multiple-choice and open-ended questions.

Supporting Resources

- Read more about the Connected Aircraft Report

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ARTICLE LINK:
https://ut.50skyshades.com/news/finance/new-honeywell-connected-aircraft-report-reveals-airline-industry-on-the-cusp-of-major-investment-wave

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