

SPRING 2019

# BUSINESS AVIATION MAGAZINE

A portrait of Alexandria Colindres, a woman with long, dark, wavy hair, wearing a maroon top with small white dots. She is looking directly at the camera with a neutral expression. The background is a blurred green outdoor setting.

## Registering Success

ALEXANDRIA COLINDRES

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THE REGISTRY OF ARUBA

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# BUILDING BIG

Bill Papariella, CEO of Jet Edge, on building a  
50 strong large jets fleet

**Q** : How did you first get involved with Jet Edge?

**A:** I was introduced to Jet edge towards the end of my tenure at Marquis Jet - NetJets in 2011. The recession was still very deep at that time and a number of small M&A opportunities presented themselves. We looked at a number of aviation service providers that were either for sale outright or needed capital. One of them I looked at was Jet Edge. At the time it had five aircraft on its certificate and 16 employees, however I expected that once acquired, three of these aircraft would go immediately and everyone would resign.

Ultimately that's exactly what happened except for 3 employees, and with that we started this incarnation of Jet Edge with 3 employees and 2 planes in a small white house (off airport) in Van Nuys with bars on the windows. It was a very humble beginning.

We worked literally 24/7 in year 1 and we started to find good success toward the back half of the year. I'd developed a number of great relationships with senior executives and companies that were charter partners with Netjets during my time there. The post 2008 period

was a hard one for many companies.

Some didn't survive and I was able to recruit some excellent people for Jet Edge as a consequence. There were ten or 12 people based at Van Nuys who came across to us, including excellent sales staff as well as our chief pilot. Many of these individuals are still with the company today and are the heart-beat of our culture. Having come from failing companies coupled with long tenures in the business, naturally an increasing number of aircraft followed these executives to Jet Edge.

Over the coming years we grew into one of the more recognized aviation services companies in the world with a fleet of over 55 large cabin aircraft, a state of the art campus facility hangar on the northwest side of the Van Nuys airport and facilities in Teterboro NJ and Palm Beach FLA. Jet Edge is now the proud employer of over 160 employees and 275 crew members worldwide.



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**Q: What services do you provide?**

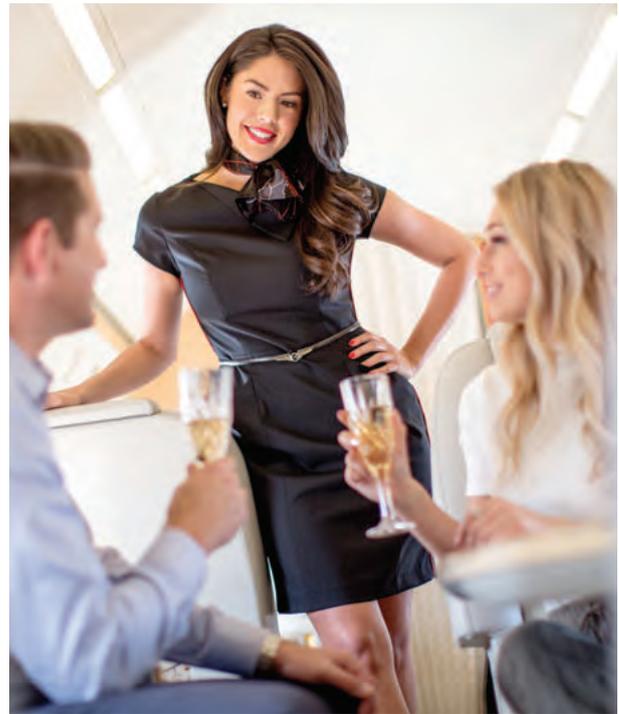
**A:** We offer the whole gamut of services, from aircraft management, to charter, to aircraft maintenance, as well as managing the buying and selling of aircraft for our clients.

Our MRO service is largely AOG line service support and level 1 and 2 checks for our own fleet, though we do provide third party maintenance for other fleets. This is an area of growth for us and we are actively investing in that side of our business. We do all of this in parallel to our large outside maintenance providers at the OEM's and "out of production" groups.

To put it in focus, our spend on maintenance is probably around \$88 million a year in parts, labor and smoothing programs, and we probably do around 12 percent of that in-house. We have some great MRO partners for the more detailed work. We lean a lot on the aircraft OEMs and the independent providers such as West Star and Constant Aviation.

**Q: It must be a huge management challenge running a full service business like Jet Edge.**

**A:** There are always challenges that come up every day. However, the answer, as far as I am concerned, is to have smart people around you who are up to the challenge. We've just



closed a \$60 million capital raise, which not only validated our business model but has enabled us to buy out our existing shareholder group. It has given me a controlling interest in the business and enough money on the balance sheet to make us one of the best capitalized businesses in the industry.

One of the great things about this is that it has enabled us to go out and hire real A-list talent, develop a robust digital platform, market in the areas we want to grow and invest infrastructure. All of these areas we believe will provide efficiencies, less mistakes and value added service to our owners.

**Q: Can you disclose the revenue split across your various services. How important is charter and aircraft management to the mix?**

**A:** Like most aircraft managers, charter and management really dominate our revenue stream, accounting for some 75 percent of the business.





There are very few aircraft management companies out there that are truly focused on servicing this kind of market. Some of our competitors also manage a significant number of large aircraft, but they also focus on any genre of aircraft that comes to them. We do not operate small or turbo-prop aircraft at this time and likely will not in the future.

If someone comes to us with a light jet or a turbo-prop we'll point them to companies that are specifically set up to cater for that sort of requirement. It's just not us.

**Q: What percentage of your fleet is available for charter?**

**A:** Actually, 100 per cent of our fleet is available for charter. This is not a requirement, but we emphasise the value of doing at least some charter right from our initial conversations with a prospective client. We feel like this is an area that we want our owners to participate in. Some do it at a very high level, some do a minimal amount of charter but all accept charters.

**Q: Can you break down your charter services a little bit more for me?**

**A:** On a normal managed fleet, when you quote someone for a charter the quote is on a home-base to home-base basis. So if you leave the aircraft somewhere in the world other than on its home-base the charterer will pay for it to come back home again. The owner is never on the hook financially or at risk.

Over the past 6 months we have developed new products, which includes a floating fleet of aircraft (mostly GIVSP) and we are very fortunate to have a number of owners that are light users of their own aircraft and want as much charter as we can provide to cover the annual fixed costs. So these aircraft are doing point to point flights all over the contiguous United States. Additional to our already robust charter business the controlled fleet provides significant overflow

which benefits our owners who prefer less charter or utilize their plane more than the others. Basically the flexibility of other owners and the charter volume they attract actually, feeds the planes which have a tougher utilization schedule.

To put all of this into perspective we accomplish 22,000 hours of charter annually which is 3rd in the country for managed fleets. Of the 22,000 hours about 7000 comes from the controlled fleet.

**Q: How many aircraft would you expect to add to the portfolio over the course of a year.**

**A:** On aircraft management we are really focused on winning twelve new management contracts a year. Through 2018 we stumbled a little and didn't quite get there. Our best performance was signing 15 new contracts in 2015. We are a traditional manager of aircraft in every sense of the world so if a potential client is just buying the aircraft for any reason other than a business need or a lifestyle choice, that's not us.

Our goal is to be 100 aircraft by 2024 within 5 regions of the United States.

**Q: Where do you go from here?**

**A:** I'd say we are one of the better capitalized aviation companies on the market today. We will continue to invest in all aspects of the company and our partners who got us here.

Over the next 12 months you will see some really cool new products, a new digital platform, the creation of new business units and A-List talent hires.

Our goal is to be the best aircraft manager in the world and provide significant value to our aircraft owners, crew, vendors and partners. I have no doubt we will get there. **BAM**