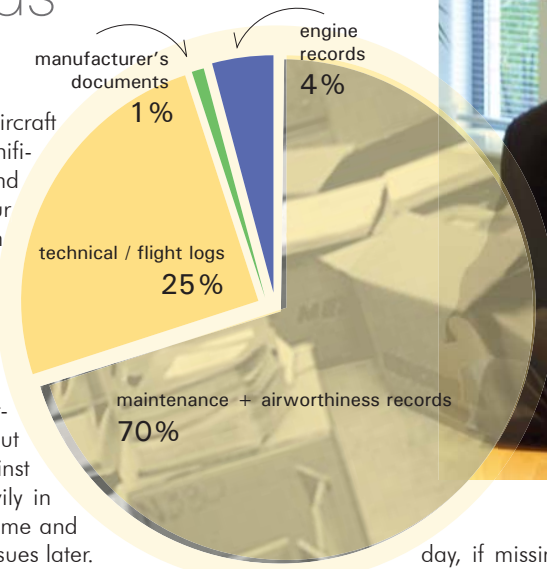


The Extraordinary Value of Aircraft Records

You are a successful aircraft trader. You spend significant amounts of time and money ensuring that your lessee meets and even exceeds the Airworthiness Directives and industry regulations that your planes are subject to. You employ technical expertise and consultants to ensure your planes operate as they should. You apply cost-management measures and take out insurance policies to safeguard against financial loss. You even invest heavily in preventative measures to minimise time and expense required on maintenance issues later.



But how much of your time, money and energy is concerned with those unglamorous, cumbersome boxes of paper rattling around in some storage unit somewhere? Those boxes of paper that make up your assets' collections of historical records are, in fact, generated by your responsible upkeep of your aircraft and are usually out of sight and, more significantly, out of mind. Every minute aspect of an aircraft's operation and maintenance is rigorously documented, making up the sizeable collection of an aircraft's historical records and it is commonly agreed that these records account for the majority of the asset's total value. Their value has traditionally been underestimated, however, as have the financial implications of poor records management, but with missing or damaged records costing anything from tens to hundreds of thousands of dollars per item to replace, more and more owners are now starting to sit up and recognise the benefits of protecting the paper they previously directed solely at the techies.

Every individual maintenance issue can generate between 1-50 documents and, at a conservative estimate, a typical narrowbody aircraft generates approximately 5000 documents per year of operation, or around 125,000 documents by the time an aircraft has hit its 25th birthday. With such a large volume of documents, adequate copies are rarely made.

To appreciate the difficulties that this volume poses to a potential new lessee or an end-of-lease aircraft inspector, one must understand the aesthetics of these records' physical location. Boxes of documents are usually stored in warehouses, of vastly varying storage conditions and levels of security, and even with approximately 2500 documents per archive box, anyone needing to inspect the records of an aircraft can be faced with anything up to 85 boxes, in the case of older widebody jets.

Responsibility for record management lies with each of the aircraft's operators, so when transfers between owners or operators occur, meticulous checks of all documentation must be carried out by both parties before transfer is completed and all boxes are physically transported to their aircraft's new home. Missing or irreparably damaged documents mean that the current operator cannot prove compliance with required maintenance orders and ADs and without this, the aircraft is automatically grounded until the paperwork is found or replaced and, in the interim, the operator is potentially liable to accrue sizeable penalties.

Often worse than the extensive costs incurred by delays in handover, which could amount to tens of thousands of dollars per



ISTAT member Karl Scanlon, Waviatech's Director of Products and Services, talks to JETRADER about the importance of historical records management.

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day, if missing documentation cannot eventually be found, then the corresponding work has to be repeated or the aircraft part replaced with appropriately certified materials and in cases where complete archives of records have been lost or badly damaged, costs of up to \$10.4m have been calculated to restore the aircraft to an airworthy state.

Imperative, then, is the need to ensure the safety of these records, but our organisation has encountered many situations and seemingly unlikely circumstances under which the collection of documents, and remember that these represent the bulk of the asset's value, have come under serious threat. We've seen open boxes stored next to volatile chemicals and tins of grease with no physical separation, or boxes open in warehouses with rain coming in through the unsecured door.

So it is obvious that storage conditions need to be monitored carefully, but these risks can be managed relatively simply employing a range of solutions, whereas other risks to an asset's historical records might not be as straight-forward to address.

Not so long ago a secure van, hired by a MRO to transport boxes of records, was hijacked for unrelated reasons and the records, deemed meaningless by the hijackers, ended up in a canal. It was catastrophic for the lessor and meant a very expensive recovery. In cases of airline bankruptcy it is not unheard of for disgruntled employees, recognising the records' value, to help themselves to a few boxes and hold them to ransom until monies owed are paid, essentially selling them back to the owner.

While working recently with a carrier to get their aircraft ready for handover, the stores department temporarily misplaced a box of documents from the aircraft's collection. Inspections, maintenance work and the whole remarketing process ground to a halt for two full weeks, with all concerned parties essentially twiddling their thumbs until the box was eventually recovered.

These are not extreme and unusual cases of records falling prey to freak circumstances, but very real, and indeed, common examples of the risks that an asset's records are subject to. If aircraft owners wish to be as profitable as they are responsible, then the true significance of historical records management and its associated risks must be acknowledged and addressed sooner, rather than later.

Next Jetrader - Karl Scanlon talks about document scanning and technology to protect the value of your records and bring efficiencies to the operation of your lease.