

OrientSKYs Spreading Its Wings Across Asia

Five years ago when many harboured doubts about the growth and sustainability of Asian private aviation, Canadian entrepreneur, Leslie G Merszei, whose businesses catered primarily to high net worth individuals previously, had a contrarian view.

He was convinced that private aviation in Asia held extraordinary growth opportunities. This led him to start XJET Limited in Hong Kong, now branded as OrientSKYs with its administration, accounting, operations, and 24/7 concierge service outsourced to its office in Bangkok.

XJET is owned by the Merszei family, friends and associates, as well as an undisclosed Swiss private bank.

“Our estimates of the growth and opportunities of Private Aviation in Asia turned out to be not only correct but in turn created a new vision of a unique Asian private jet charter business model,” said Merszei.

OrientSKYs started out as the Bangkok representative office of Jet Asia Limited, which owns and operates one of

the largest private jet charter fleets in the region.

That relationship evolved into the current strategic alliance whereby OrientSKYs acts well beyond the normal scope of a private jet brokerage into functioning as the

outsourced sales and marketing arm of Jet Asia. This exclusive arrangement allows Jet Asia to focus on its aircraft management and operations without taking on the cost and burdens of a global 24/7 sales organisation.

“Being the exclusive sales and marketing agent of Jet Asia gives us the strength of aircraft inventory necessary to also be a major force in the Asian charter brokerage business. To some extent, we provide and intend to provide for similar requirements of other owners and regional operators. Our mission is to be and

remain the highest quality, safest and reliable provider of private jet charter services in the region,” said Merszei.

At a time when there is an acute shortage of private jet aircraft available for charter in Asia as the region is on the threshold of a private aviation business boom, this access to Jet Asia’s aircraft inventory gives OrientSKYs a formidable edge over its competitors.

Jet Asia Limited is the business aviation arm of billionaire Dr Stanley Ho’s STD, Macau’s famous hospitality and tourism conglomerate. From its first Challenger, obtained in 1995, Jet Asia has grown to a fleet of nine business jets and has firm orders to boost its fleet further to 20 aircraft in the coming years.

Commenting on Jet Asia’s strategic tie-up with OrientSKYs, Chuck Woods, the CEO of Jet Asia said, “One of our professional allies at the time was XJET, with its principal offices in Bangkok. We marketed our

Bangkok-based specialist private aviation services company, OrientSKYs has exclusive access to a charter-dedicated jet fleet of some 10 aircraft growing towards 20 aircraft in the coming months. Leslie G Merszei, Managing Director of OrientSKYs shares his expansion plans with *MillionaireAsia’s* **Brian Yim** and reveals how the company intends to streak ahead for a bigger market share in the private aviation business in the Asia Pacific.

managed aircraft will also be available for charter.”

Commenting on the perceived high costs of booking private charter flights, Woods explained, “We learned the hard way that clients will not pay more for charter than absolutely necessary. With an aircraft based in Macau, a charter request from Jakarta results in 10 hours of unoccupied time; five hours to Jakarta, then five hours returning the aircraft home to Macau. That might sound like a far-fetched example, but we’ve quoted hundreds of those trips and have actually have flown more than a few. That’s real sticker shock for someone who’s new to business aviation.

One solution is to locate inventory closer to the people and companies requesting them. While maintaining Jet Asia’s headquarters in Macau, we’re hoping to accomplish that. We’ll put our first Hawker in Kuala Lumpur and the second in Thailand, and are working on plans to base a number of aircraft in China. If it sounds like an aggressive plan, we think it is. You’ll see some of these aircraft reallocated from Macau in the coming months.

Nevertheless, according to OrientSKYs, its private charter booking orders are brisk. OrientSKYs receives an average of eight to ten charter requests daily but is only able to fulfil a fraction of that demand. According to Merszei, “There are fewer private jets in the Asia Pacific region available for charter than in most major metropolitan areas in the US. The real demand is far, far under estimated even by professionals in the

services in Southeast Asia through their location, with a number of interesting successes. That relationship developed into an exclusive marketing and sales assignment, whereby Jet Asia outsourced these services to OrientSKYs. Now when companies, individuals and brokers want access to our fleet, they simply call OrientSKYs. And since their staff has been trained by our own, they provide the 24-hour response on aircraft availability and pricing that our clients demand. I will say that we’re delighted to have chosen this commercial option, as it has freed us to build our fleet and sort out a number of base locations. Of course, when our aircraft fly, they’re Jet Asia crews and service deliverables. Such critical business components could never be outsourced, in our opinion.”

On Jet Asia’s aggressive fleet expansion plans, Woods revealed: “When we take delivery of our two new Hawkers in early August, the fleet will include one Global Express, two Challenger 601’s, two Hawker 900XP’s and three Hawker 750’s. The fourth Hawker 750 arrives a few months later and we’ll take delivery of a CRJ-200 conversion (50-seat regional jet that’s re-engineered to a luxurious 15-seat executive airliner) in January 2009. Our Challengers are slated for replacement in mid-2009 and mid-2010 by new Bombardier jets; a Challenger 605 and Global 5000. With the exception of the CRJ-200 executive airliner, which will be managed for a client, the remaining fleet is all Jet Asia aircraft. We do have a number of client aircraft that are pending delivery, and nearly all of our



Leslie G Merszei – Managing Director, OrientSKYs

What is the most important value proposition OrientSKYs offers?

We provide 24/7 availability, safety and the highest level of personal attention to the needs of VIP travellers.

What are the main obstacles to the growth of the private aviation charter business in Asia? Problems such as limited inventory, high costs due to cross border complexities, lack of infrastructure for VIP jets, the fragmented market, slow processing times to get landing permits, etc have often been cited. Are these valid and how can these obstacles be overcome?

The challenges you mentioned are indeed complex and still prolific in this region and will be for some time. Nevertheless, slowly but surely private aviation is becoming recognised not as simply a luxury but also as a valuable business and even political tool easing cross-border communication of high importance. Various international bodies and groupings, including the Asian Business Aviation Association (AsBAA), are and will continue the process of education to ease restrictions and complications, not to mention cost of private aviation access all over the region. Progress in this respect is a continually successful and an on-going process.

What in your opinion is the single biggest obstacle to the growth of the Asia Private Charter Business? What's the solution?

In "my world" the biggest obstacle to growth is the singular lack of private jet inventory. Therein lies an obstacle similar to "youth", in other words

it will go way with the passing of time; as orders in the marketplace for new jets abound, with growth percentages much higher in Asia than anywhere else in the world.

Competitor. Can you comment about some of the other big players making their moves in Asia – TATA Group acquiring BJETS, VistaJet acquiring Bombardier's Skyjet International? Are battle lines being drawn? Will there be fallout of the smaller operators? Is there enough business for everyone?

I believe there is more than enough business for everyone; a situation that will last for awhile and which itself validates our concept. We enthusiastically welcome "competition" which gives dynamism and growth to the overall market.

Small owners and operators should not take on the expenses and challenges of sales and marketing but instead outsource them to us! That will help ensure their survival. ■



For more information on OrientSKYs, please visit their website at: orientskys.com

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industry. The continuing growth of supply as history has shown, will also give more impetus to the demand factor."

How does OrientSKYs differentiate itself against its competitors?

Merszei: "OrientSKYs is not a charter operator. We specialise and will continue to focus on the sales and marketing of the inventory and excess capacity of regional owners and operators. We do not intend to become an owner or operator competing with our clients.

On the other hand, we are also different from charter brokers in the region in some critical respects, such as – we do not typically just broker charters for a percentage fee but instead aim to be the actual sales and marketing function of owners and operators vis-à-vis the end-customer that charter their aircraft.

We already have a meaningful international network, including a full-time US office, as well as offices in the progress of opening in Tokyo, Kuala Lumpur, Taipei, Hong Kong and other regional capitals.

"Singapore roars to life as it gears up for a host of adrenalin-inducing activities during the Singapore GP Season. Held over three weekends from 20 September to 5 October 2008, the Singapore GP Season will cover premium, lifestyle, entertainment and motor-related events as well as shopping and dining promotions, promising to get fans, visitors and Singaporeans all revved up during the race period. With the world's first Formula One™ night race as the anchor highlight, the Singapore GP Season will present visitors a total race experience unlike any other. It will further boost Singapore's standing as a vibrant events & entertainment capital in Asia that offers discerning visitors top-notch lifestyle experiences. The Season's highlights include Singapore Biennale (11 September - 16 November), the inaugural Singapore River Festival (19 -28 September) and the ultra exclusive amber Lounge Party (27-28 September), amongst others."

Ritz Pacific Gets Your Aircraft at Half The Price In Double Quick Time

The directors and associates of OrientSKYs own an associated company called Ritz Pacific Limited, which is a new and successful concept for the region. Ritz Pacific sells unique and client-specifically modeled executive jets with short delivery periods (approximately one year) and at half the price of comparable products where the waiting list runs to as long as five

years! Ritz Pacific purchases regional airliners with relatively low usage, re-engineers them and converts them to very luxurious executive configuration; for example a 50-seat CRJ-200 airliner is transformed into a classy 15-seat, two-cabin VIP jet. Critical components are replaced or re-engineered to zero hours and the aircraft are fitted with the very latest in avionics and navigation systems,

thereby in effect providing an "as new" product. Said Merszei, "We have already proven the concept and believe that the demand will grow with the recognition of this unique availability. And, need I even point out? Jet Asia Limited will manage and operate these aircraft and of course, OrientSKYs will sell their charter capacity; a truly value-added alliance!" ■



Business Aviation In Asia Finally Taking Off

Business aviation in Asia has taken some decades to establish a strong footing. Chuck Woods, CEO of Jet Asia and also Chairman of the Asian Business Aviation Association (AsBAA), in an interview with MillionaireAsia, observed that aircraft placements in the 1980s and 1990s seemed reasonable enough for a region with multiple developing economies. There were interesting pockets of business aviation activity though, especially in Singapore and Malaysia. Then came the economic crises of the late 1990s, which saw many of high-visibility business aircraft disappearing nearly overnight. As local economies recovered and multi-national corporations began playing a larger regional role, business aircraft started making their comeback. Now Asian companies and high net worth individuals wanting to purchase new aircraft need to wait years for deliveries; the industry is just that strong.

The business aviation industry has paid close attention. What was a slow resurgence of business aircraft and infrastructure to support them, has suddenly become a booming market.

Well-known global brands are setting up shop in many of the key Asian markets, including Singapore, Kuala Lumpur, Hong Kong and Beijing. Not only are more aircraft arriving for charter and shared ownership, but companies specialising in executive lounges and maintenance hubs are also investing in Asia.

"Maybe it's time to describe Asia as a fertile market for business aviation investment... finally! This trend is not unlike other markets, such as the Middle East and Russia. New wealth simply creates new levels of consumption. But since there are only a few hundred business aircraft in Asia, most of us believe that this trend is only scratching the surface," said Woods.

Asked what Woods' greatest wish for Private Aviation in Asia is, he replied, "With all the world-class players operating in Asia and



Chuck Woods –CEO, Jet Asia & Chairman, Asian Business Aviation Association (AsBAA)

coming to Asia, I look forward to the beginnings of what will be one of the largest business aviation markets in the world. It's our combined challenge to develop a safe and efficient operating culture, so our clients enjoy the most flexible form of jet travel available." ■