SUPPLY CHAIN DISTRUPTIONS AND AIRLINE RESILIENCE

PRESENTED BY: NUR ASHIKIN BINTI MOHAMMAD ARIFF,
HEAD OF ENGINEERING (FIREFLY AIRLINES)

FIREFLY AIRLINES- ABOUT

Since our launch on April 3, 2007, Firefly, a subsidiary of Malaysia Aviation Group Berhad, connects travellers from Penang and Subang to Malaysia, Thailand, Singapore and Indonesia. Aligned with the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) agenda, we have recently expanded our reach to include Sabah and Sarawak.

5 BOEING 737-800

9 ATR72-212A

FLIGHT NETWORK AT A GLANCE!

Currently, we fly to 18 cities in Indonesia, Malaysia, Singapore and Thailand.

DILEMMA

Passenger growth data

Supply chain issues had impacted on-time performance for the major carriers. These issues have held back aviation’s recovery from the pandemic and dented the customer experience.

Supply chain and the backlog in maintenance had contributed to the slow increase in capacity, which is putting upward pressure on airfares.

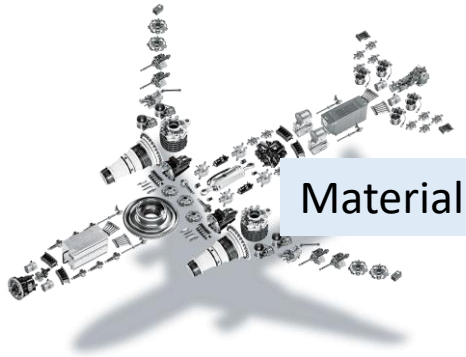
Equipment failures, staffing shortages and labour unrest made it impossible to deliver the flying experience our customers expect.

Fixing of supply chains was paramount in alleviating some of the customer pain points when flying

A successful 2024 needs the whole value chain to be fully prepared to handle the demand that is coming.

CHALLENGES

Maintenance slots

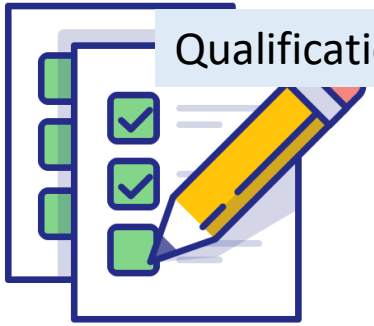


Material shortage

Shortage Of Labor

Longer parts lead- time

Deficiency of spare/ lease parts (landing-gear, engines etc)



Qualification process

Geo- political tensions

Inventory control

Reliability Issues

Identifying the trends

Long overhaul/ repair TAT – Due to shortage and long turnaround time of material

Deficiency of spare/ lease parts – Due to shop turnaround times two or three times longer than they were pre- pandemic

Reliability issues – Reliability issues of aircraft parts on top of supply chain problems due to longer part lead-times.

Labor – significant reduction of workforce during pandemic. Require longer time for recruitment, training etc

Maintenance slots – securing maintenance slots due to backlog of repair / overhaul at the repair shop

Inventory control and cash flow – Managing critical parts requirement, which require investment to procure limited, long TAT parts

Geo- political tensions – material production blockage and raw material supply

Identifying the trends- Some issues are unpredictable, added challenge to manage the inventory requirement

Qualification process – Regulatory approval, airline pre- qualified supplier further narrowing the supply chain

STAY RESILIENCE….

REPRIORITIZATION OF RESOUCES

Enabled the necessary shift of focus on long-term resilience measures to become economically more sustainable.

REVIEWING LEGAL POSITIONS

To have a view of what obligations exist.

Legal principles such as force majeure, frustration, material change and impossibility all play a role. The governing law of the contract will be critical in formulating this analysis.

CONTINUOUS ENGAGEMENT OF AIRLINES, OEM , SUPPLIER AND MRO

Understands the impact on operators, considering the advance planning and scheduling involved

RADICAL TRANSPARENCY

Airlines should be more proactive and detailed in sharing fleet and capacity plans to help vendors manage potential bottlenecks.

Suppliers should voluntarily share their production schedules, confidence in their own supply chains, and early warnings of potential issues.

AUTOMATED RECOMMENDATIONS

Sophisticated planning and forecasting has been a mainstay of supply chain management for years. AI and big data now afford airlines the opportunity to take this to the next level in both scope and scale.

THANK YOU