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Empire Aviation believes its asset management model can be a big hit in India's private aviation market

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Expanding Empire

Empire Aviation is taking its asset management approach to private aviation into the Indian market

By David Ingham

Empire Aviation tried to be a little bit different when it entered Dubai’s private aviation market in 2007. Rather than buying jets and hiring them out to high net worth individuals, the team that had earlier founded and sold Elite Jets decided to take an asset management approach. This would allow individuals and companies that wanted to buy private jets to then hand over the management and operation of those jets to a specialist company.

“We go out and help the owner acquire the plane, inspect it and do the induction into the UAE. Then, we operate and manage it on the owner’s behalf,” explains Paras Dhamecha, executive director, Empire Aviation Group.

“Once they own the airplane, it should be as easy as picking up the phone and saying ‘we want to go from here to there’, and we take care of the rest.”

The three pillars of Empire Aviation’s business are aircraft sales & acquisition, asset management and charter. Prior to a person even owning a plane, Empire Aviation can help in terms of understanding the client’s requirements, identifying a suitable model and acquiring it for them.

Dhamecha says that since the recession, there have been fantastic opportunities to acquire new planes.

“It hasn’t been necessary to go out and buy brand new planes because there has been an excess on the market. We’ve been able to identify used planes and save people a lot of money.”

Once a private jet is under the management of Empire Aviation, the company has pretty much every function needed to operate a plane in house, except maintenance. That is sub-contracted to other companies, though the process is again managed by Empire.

At Empire’s HQ in Dubai, the company runs a 24x7 operations and dispatch centre that has eight licensed dispatchers at any given time. A maintenance control centre also runs 24x7, monitoring and tracking the status of all planes under the company’s management. Pilots and flight attendants are employed directly by Empire Aviation and are ready to fly at any time.

“All the functions required to operate the plane are hired and in house with Empire Aviation,” says Dhamecha.

Once a plane is under the management of Empire Aviation, the owner should simply be able to tell the company when they need it and the company takes care of the rest.

As an added value for customers, Empire Aviation also offers to charter the planes on the owner’s behalf. This means that when a plane is idle, the company can arrange for other people to use it for a fee.

Although this can subsidise the cost of owning a plane, not all of Empire’s customers have chosen to make their planes available for use by others.

“They have a need for themselves and a need for their companies and that’s what they’ve bought these jets for. They haven’t thought about making this a business,” explains Dhamecha.

The company now has more than 20
planes, of various types, under management in Dubai. It has managed to increase revenue and net profit every year since its inception, despite the financial meltdown of 2008. The executive director attributes this to the profile and financial stability of the company's clients. “High net worth individuals are not going to change their lifestyle, although there were definitely people who overstretched themselves,” Dhamecha says.

“We have very solid clients so we have fortunately not been in that position [of default] with our customers.” Some customers have sold planes on, but have then re-entered the market after seeing a buying opportunity.

Another thing that has aided the company has been the avoidance of a price war amongst private aviation companies based in Dubai.

“I think all of the operators here pretty much complement each other and work in their own niche, so there isn’t a fierce price competition and I don’t think it’s in anybody’s interest. To maintain a quality service, you need to be at a certain price point,” says Dhamecha.

Airspace restrictions are often cited as a major challenge for airlines operating in the UAE. For Empire Aviation, however, congestion at Dubai International Airport is currently proving to be more of a challenge.

“The airport was built around international commercial traffic and scheduled airlines do take precedence,” says Dhamecha. “Dubai has now engaged the same company that Heathrow uses for slot controls and they are trying to make the slots very effective, but we can see that traffic saturation has made it difficult for private planes to come in and out with the ease that they used to.”

For that reason, Empire Aviation is ready and keen to establish operations at Al Maktoum International once the opportunity arises. “We were one of the

"It was very important to get the right partner that was already established there [in India] and to do something jointly."
I think all of the operators here pretty much complement each other and work in their own niche.”

first few to sign to move over there,” explains Dhamecha. “I think there’s a huge drive to get things completed because of the saturation and restrictions in Dubai today. I think as things get done, you will see start seeing a natural shift there.”

Despite’s Dubai International’s position as a city airport, some of the company’s clients have already expressed a preference for basing their planes in Al Maktoum International.

Dhamecha foresees a period when the company will operate at both airports, before possibly moving wholesale to Al Maktoum International.

“You might still have planes based here for certain owners, and owners who want to be in Jebel Ali. In fact, we have owners who have opted to move to Jebel Ali the minute we get going there,” he says. “Initially, [we will operate at both] until we can make the entire shift and that will only happen once the infrastructure is 100% available.”

After growing revenue and net profit every year since inception, Empire Aviation now feels ready to spread its wings to new markets. The company looked closely at Saudi Arabia and India before recently announcing plans to make a move into India.

“We thought we’d got to saturation point in the Middle East. While the business in itself is healthy, we needed to grow,” explains Dhamecha.

“There are two places around here that have a healthy population of business aircraft and that you can do business with in terms of geography, time zones and culture. That’s either India or Saudi Arabia.”

Saudi Arabia was ruled out for now because of the high level of competition that already exists in the market.

India, on the other hand, has a large population of private jet owners, growth potential and very little in the way of third party aviation asset managers, according to Dhamecha.

Currently, he says, it is more common for a company or individual that owns a plane to set up a department to run the plane for them.

All of the assets and headcount associated with the department are the responsibility of the plane owners. “People have had to go and create a flight department because there hasn’t been a service available,” says Dhamecha. “That’s where we saw the opportunity.”

In order to smooth its entry into the market, and help it overcome India’s renowned bureaucracy, Empire Aviation has tied up with Air Works India Engineering. Through the partnership, Empire will offer its asset management service and Air Works, a specialist in MRO, will take care of maintenance work.

“India’s a market that a lot of international players have tried to get into and been scared away by the regulation and the systems and bureaucracy of the country,” says Dhamecha.

“That’s why for us it was very important to get the right partner that was already established there and to do something jointly, which is why this whole thing with Air Works came about.”

In addition to smoothing the way for Empire’s entry, the partnership gives Empire access to Air Works’ considerable customer base.

Established in 1951, the company is qualified to maintain 50 aircraft types and does this for more than 100 customers across 15 locations in India. “That gives us an open door to one hundred aircraft owners to whom we can offer this management service,” Dhamecha says.

“All the functions required to operate the plane are hired and in house with Empire Aviation.”
Within a month and a half of starting operations, the company had signed two management contracts.

The first office in Bangalore will be handed over in September and ready for operation in October. Personnel from the Dubai office will move over and begin training up local staff.

Dhamecha is confident that Indian customers are absolutely open to the concept of outsourcing aircraft management to a third party specialist.

"We've spent a considerable amount of time making sure we are doing the right thing," he says.

"Everybody we have met has welcomed the idea, because they have realised that operating a plane is not as easy as putting fuel in. India is also a market that is highly driven by outsourcing."

As in Dubai, customers that want to subsidise the cost of ownership can put the plane into the charter market for use by others.

Longer term, Dhamecha is confident that the Indian market will keep growing and be boosted by the presence of specialist asset managers like Empire.

"There's a lot of growth and a lot of new airplanes coming into the market, says Dhamecha.

"It'll be given a further boost once there are people that do aircraft management in an organised manner." AVB

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**At a glance: Empire Aviation**

**Founded:** 2007  
**Co-founders:** Paras Dhamecha and Steve Hartley  
**Staff:** More than 100  
**Planes under management:** More than 20, including Hawker, Challenger, Legacy, Global, Falcon and Gulfstream types  
**Services:** Aircraft sales, aircraft management and charter  
**Next move:** Now offering its services in India through partnership with Air Works India

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*Empire Aviation allows companies and individuals to outsource the management of private planes.*