PRESENT AND FUTURE OF AVIATION: ACMI SERVICE

News / Airlines

As market competition intensifies, more often airlines are striving to increase their efficiency while reducing numerous risks related to business operations. In result ACMI providers such as Latvian-based SmartLynx Airlines (SmartLynx) are becoming a solution for other aviation companies. This trend has made SmartLynx the largest ACMI provider in Europe. Aleksandrs Gusevs, Board Member of SmartLynx, explains ACMI business and its potential in future.

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Simple for complex

ACMI is similar to a car rental business. If there is a need for a vehicle you don’t own and it is not possible or necessary to buy one, the best alternative is to rent it and pay only for the time it is needed. But in this case, it's possible not only to rent the vehicle itself, but also a highly qualified pilot, well trained cabin crew, maintenance, and insurance.

This is a capacity issue that is both short-term and medium-term. ACMI is a full-service solution that helps airlines plan and maintain sufficient fleet capacity during the season months. Each aircraft is a significant investment and, in order to be profitable, planes need to be constantly in the air and carry passengers. It means that when purchasing an airplane, the company must be fully confident that it will be sufficiently used both in the high season months between June and August, and in the low season during winter months. Rarely will a company choose to buy so many airplanes that there will always be a large number on standby. Instead, the option is often not to buy additional planes, but to borrow them from another company to increase capacity in peak months and then give them back.

Even the most punctual airlines occasionally encounter a variety of unexpected situations that may result in the inability of one aircraft to perform its functions and the need to replace it. This is when use of ACMI service is a smart business decision.

Small but growing market

The ACMI market today is not large since fewer than 200 aircraft in Europe carry out such services on daily basis. But SmartLynx Airlines is currently the largest ACMI provider in Europe and still growing.

Due to the situation with late deliveries of new aircraft, current disruption in Boeing production line and demand that is continuously growing for air transportation services, the ACMI market will stay

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on a growth path for at least next 3-5 years. And even after this period, there is a large potential for development.

The advantage of ACMI and SmartLynx's business as a whole is a high level of flexibility in terms of adaptation to any economical and geopolitical situation. ACMI provider has the ability to react fast and move from unfavourable directions to less risky environment. It means it is not a question of "if", but "how" we will reach our goals and potential in development. Compared to Regular or Full Charter service providers, ACMI business has fewer risks due to the fact that lessee is fully responsible for the commercial side of the operation. ACMI provider is offering aircraft, crew, maintenance, and insurance without any other or very limited liabilities.

Competition forces companies to improve their services to excellence

In ACMI it is more important than ever to become a trusted partner who represents the same values and is ready to deliver the same high standards of service that customer is used to when operating with its fleet and personnel. Safety, punctuality and comfort of passengers remain all in the focus.

Any company, when looking for partners to provide the necessary additional capacity, is searching for those who are similar in several components. An important factor is the airplane model the designated company can operate with, and usually operators who already fly with the same model are chosen. In case of SmartLynx, our advantage lies in the fact that we fly Airbus A320 and A321, one of the most reliable and widely used aircraft in the world. Consequently, we meet the criteria for many major international airlines by default. Secondly, we are planning to increase our fleet to 34 units this summer and it will allow us to provide even larger amount of capacity right away.

At the same time operational experience of the company and its staff is fundamental aspect. There are different types of flights operated on a daily basis and each format requires different approach. ACMI provider has to have experience in providing Low cost flights, Regular flights, Leisure, Full charter flights. The team has to be well trained and skilled to perform at the highest level and it includes not only members in aircraft, but everyone who is involved in a flight cycle.

25 FEBRUARY 2020

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