Going for Great: Challenges and Opportunities in Airport Operations
Introduction

1. Cedric Rockamore, VP DFW Operations
   • 30+ years in aviation industry (military and airline)
   • Wide range of experience and roles (Naval training squadrons to large hub operations)
   • Motto: “Safe and reliable.”

2. What We’ll Cover Today
   • Brief overview of American Airlines
   • Challenges and Opportunities at Airports:
     – The “Leap of Faith”
     – Improving the Customer and Employee Experience

3. Q&A to Follow
American Airlines Overview

Basics:
• 6,700 flights per day on average
• 350 destinations in more than 50 countries
• 120,000 global employees
• 1500+ aircraft in combined fleet
• 10 hub airports
• Founding member of the one world alliance
• Headquarters in Dallas/Fort Worth

Facts & Figures:
• Formed world’s largest commercial airline after merger with US Airways
• $2 billion investment in customer experience improvements
• Named 2017 Airline of the Year by Air Transport World
• $5.6 billion aircraft purchase in 2014; youngest fleet in the skies today
American Airlines at PHL

Basics:
• Averaging 400 daily flights (73% of all traffic)
• 117 destinations in 23 countries
• 8,400 locally based employees
• 11 million passengers, 23 million pounds of cargo each year
• American’s largest transatlantic Northeastern hub

Facts & Figures:
• Led the airlines at PHL to invest $2 billion in airport facilities since 2015
• Support nearly two dozen local community organizations through American’s Regional Council
• Team at PHL had lowest ratio of mishandled bags in hub operations last year
• Official Airline of the Philadelphia Eagles
Opportunity:
Take the “Leap of Faith”

Starts by recognizing that the airline industry has fundamentally and structurally changed.

- At the height of industry turmoil, news about potential bankruptcies were regular occurrences.
- Efforts to maintain basic operations and employment levels became primary objective.

**Industry 2005**

**Industry Today**
Airlines have been a death trap for investors.

May 2013

If a farsighted capitalist had been present at Kitty Hawk, he would have done his successors a large favor by shooting Orville down.

February 2008

Nov 2016: Warren’s investment firm Berkshire Hathaway amassed a $1 billion investment in American Airlines; $300 million in United and Delta
Opportunity:
Take the “Leap of Faith”

Once you make the leap, you recognize the need to lead differently.

As a larger airline with more stable financial footing, we’re able to refocus our priorities.

- American’s 8,000+ regional employees received average pay increases of 20-30%.
- Enhanced employee travel benefits.
- World class wellness programs.
- On-site full service health clinic.
- 1,500+ renovated workspaces by 2018.
“The customer experience will never exceed the employee experience.”
Challenge: 
Aging Airports

Report: U.S. airports need nearly $100 billion in infrastructure investment by 2021 to accommodate growth, rehabilitate existing facilities and support innovation.

The time our customers spend in airports is critical to making sure they have an overall positive travel experience.

PHL is not funded by taxpayer dollars.
• Municipally owned and operated; city government acts as landlord.
• Airlines are responsible for the bulk of capital investments, along with vendors and users.

Since 2015, American and other airlines at PHL have approved $2+ billion of new investment in airport-wide projects.
Opportunity: Invest to Improve Facilities

In recent years at PHL, American Airlines has invested in:

• New deicing facility

• Full Terminal F renovation and expansion project ($161 million in total)
  
  $35 million Gold LEED-certified, 34,000 square foot baggage claim facility

• New GSE equipment - reduces emissions and improves efficiencies

• 25,000 square-foot pharmaceutical cold storage facility

• Self-service kiosks
Opportunity:
Invest to Improve Facilities

Gates 1-16  Terminal B

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Challenge: Managing Expectations

Partner with the TSA to shorten wait times.

- Provide vendor assistance with line management during high traffic times

- Pre-departure message alerting customers a dedicated TSA pre-check location was installed at Terminal C and expanded to other locations including Terminals A-West and F during peak times.

- Collaborated with TSA to open a Pre-Check Enrollment Center in Terminal B Bag Claim on two separate occasions this summer with an anticipated return in the fall.
Opportunity: Baggage Handling

Implement new systems and customer facing technology.

- In-line baggage system.
- Self-service kiosks.
- Real time tracking and Customer Baggage Notification.
Challenge: Increasing Airspace Congestion

Although invisible, our routes in the skies are as important as the bridges, highways, rails and roads on the ground.

- More people fly than ever: over 2 million consumers travel on 27,000 flights every day.

The airspace around PHL is shared by five nearby airports.

- Nearly 1 in 6 worldwide flights travel through Mid-Atlantic airspace each day.

The current Air Traffic Control (ATC) system relies on antiquated technology and processes from the World War II era that make operations increasingly inefficient.

- Passenger transit times are longer, leaving people stuck on the runway or in the air, because carriers are forced to account for delays.

75-80% of all delays are caused by solvable ATC issues, often unrelated to airline operations.
Opportunity: Reform the ATC System

NextGen is a comprehensive and critically needed overhaul of our National Airspace System.

- Move from ground-based radar system to satellite based GPS.
- Reduce delays, save fuel and lower carbon emissions.

Unfortunately, NextGen is already decades behind schedule and billions over budget.

- Federal government is highly politicized.

More than 50 other nations have modernized their ATC systems. Some did it decades ago.

- FAA estimates that if unaddressed, airspace congestion will cost the U.S. $22 billion annually in lost economic activity by 2022

American Airlines and most of the aviation industry believes an independent, nonprofit body should manage the ATC system.

- Streamline management and funding by removing politics; FAA would continue regulating safety.
Final thoughts.

Questions?
Comments?
Thank you.