

Will the air limo industry take off?

By Chad Trautvetter / July 2006

As anticipation builds over the pending certification of the first very light jet, the Eclipse 500, “There’s a new sense of legitimacy for the idea of personalized air mobility in the form of per-seat fleet operations [using VLJs],” according to NASA Langley advance planning office director Bruce Holmes. “After all, mobility is freedom, and the big picture of the VLJ is individualized air travel.”

Holmes, the visionary behind NASA’s small aircraft transportation system, made his comments last month in St. Petersburg, Fla., at Release 1.0’s Flight School 2006. The interactive workshop brought together start-up air-taxi operators, established charter carriers, aircraft manufacturers, regulators, financiers and other players to explore the complex, emerging air-taxi marketplace.

Host Esther Dyson—editor of CNET’s Release 1.0 quarterly newsletter and a respected scholar of emerging technologies—hand-picked the who’s who of the air-taxi world to speak at the event. This list included the likes of Eclipse Aviation president and CEO Vern Raburn, Adam Aircraft founder and CEO Rick Adam, DayJet president and CEO Ed Iacobucci, Linear Air president and CEO Bill Herp and Pogo president and COO Cameron Burr, among several others.

Linear Air’s Herp said he has already proved the on-demand, per-seat concept can work in the real world by operating four Cessna Caravans in an air-taxi operation between New York and Boston. He noted that the hardest part of starting up an air taxi was “establishing credibility” in an undeveloped, and unknown, market. He is eager to take delivery of the 30 Eclipse 500s that Linear has on order to expand the company’s reach.

Shying away from the term air taxi, DayJet’s Iacobucci called his company a “time arbitrage agent,” reflecting his belief that on-demand, per-seat travel on VLJs will revolutionize the efficiency of air travel. “I’ll consider it a failure if air limos are just flying around the current users of air charter,” he said, adding that his intended customers are either currently driving to their destinations or taking multiple-connection airline flights to get there.

Pogo’s Burr pointed out that the objective of air taxis is to “lower the price point in the business aviation market,” which he said the fractional aircraft model has largely failed to achieve thus far. While Burr acknowledged that to outsiders it seems his start-up air taxi is in a holding pattern, “This is a long game—this isn’t a race and we don’t need to be first. We’re currently working on a lot of planning and will select an aircraft model, after which we’ll get going.” Pogo currently has refundable deposits on 75 Adam A700s, though the air-taxi hopeful has been lukewarm about the VLJ model and is known to be looking at other aircraft.

From the aircraft manufacturers' perspective, Cirrus Design president and CEO Alan Klapmeier said the overall goal is to expand use of personal aircraft, which a successful air-taxi market would further enable. However, he downplayed any involvement by Cirrus as a provider of an air-taxi VLJ. "Odds are that Cirrus will build a jet, but our main market would be for a personal jet. I can't tell you the name or specific attributes of the aircraft yet, but I can tell you it will be the slowest jet on the market."

Raburn addressed why there aren't already any air limos flying jet aircraft: "These new products [the VLJs] really are opening up a new market." He added that the operating economics and projected reliability of the VLJs are making more individualized transport possible.

A Rocky Road to Change

Despite all the hype surrounding air taxis, there are several obstacles, notably aircraft financing, ATC and talk of user fees. Regarding financing, it's a chicken-and-egg problem. Without a certified VLJ and a working air-taxi model using one of the small jets, lenders are reluctant to finance air-taxi fleets.

"The financing industry needs to get entrepreneurial about financing air-taxi operators," noted CRA International's Matt Andersson, who founded failed per-seat operator Indigo. Pogo's Burr added, "United Technologies [UT] really needs to step up to the plate and should be financing VLJs since its engine division, Pratt & Whitney Canada, makes the powerplants for several models. If UT did this, then Wall Street would also be more willing to finance the aircraft at market rates."

With some predicting that VLJs will "darken the skies," creating problems for ATC, the aircraft have attracted unwanted attention on several fronts, particularly from those who see the new breed as a cash cow to finance the ATC system. From a technological standpoint, VLJs will be equipped with the latest in avionics such as ADS-B and required navigation performance (RNP) and thus could turn out to be less of a burden on the ATC system. In fact, Raburn pointed out that the Eclipse 500 will be RNP-0.1 capable out of the box.

The topic of user fees reared its ugly head during the day-long event, with all agreeing that their implementation would be a bureaucratic nightmare. Further, many said that setting up an agency to collect user fees, and a system to bill users, would add considerably to the cost of FAA operations.

Concluded Charles Huettner, a senior Clinton White House policy advisor on aviation, "If the airlines want to get into a 'blip is a blip' user-fee argument, then an argument can be made that some blips [business aircraft] are better equipped than other blips [airliners]. These business aircraft can take advantage of things like continuous descent approaches and should therefore pay less than the lesser-equipped airliners."

Aviation International News is a publication of The Convention News Co., Inc., P.O. Box 277, Midland Park, NJ, 07432. Copyright 2006. All rights reserved. Reproduction in whole or in part without permission from The Convention News Co., Inc., is strictly prohibited. The Convention News Co., Inc., also publishes Business Jet Traveler, NBAA Convention News, HAI Convention News, EBACE Convention News, Farnborough 2006, Dubai 2007, Paris 2007, Asian Aerospace 2008, and AINalerts.
