

RUNWAY TO THE FUTURE™

Blueprinting The New Challenges & Opportunities For US Aviation

Navigating The New Reality

BOYD GROUP INTERNATIONAL



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How 'Bout Some Old Reality...



The USA is not behind the globe in airport planning... *it's 50 years ahead.*

- *Our airport system – at all levels - is an economic advantage in the new global aviation industry.*
- *No other nation has built as effective a system*
- *Given the 21st century opportunities, this will be a huge advantage for America ... and for Pennsylvania*

Calibration Change # 1 : Relying on The Past Will Keep You There

The New Future of Air Transportation

- Different Economics
- Shifting Consumer Structure
- Different Air Transportation Structure
- New – Internally-Driven - Airline Strategies

Calibration Change # 2 :

The role & value applications of air travel as a communication channel have evolved...

Some applications are no longer competitively-efficient... some others will be materially eclipsed by new technology... ***air travel is one of these***

Five Years Out...

Every aspect of airports will change:

*Different roles... **Different economics...***

***Different fleets...** Different Consumers*

Here's A Hint...

Major Facility Changes



First, Let's Get Our Bearings

The #1 new economic currency...

Nope...



It's one we all have access to...



Time!
***The #1 currency in
the global economy***

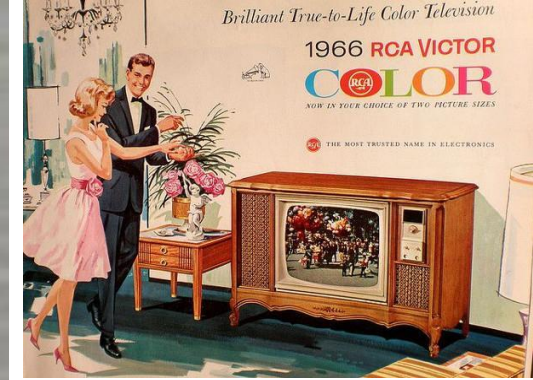
The Goal of Every Region:

Assure *communication connectivity* with the rest of the nation and the globe... *air service has new roles*



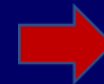
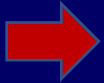
- *Changes in airline operating economics...*
- *Changes in consumer options...*
- *Emergence of superior communication channels & options*

The Latest Communication Channels - 1980



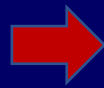
Reality – In Last 40 Years

Electronic Communication
Speed – *Quantum Leaps*



Reality – In Last 40 Years

***Air Transportation Speed –
almost zero increase***



First... This Industry Is Gone...



Short-haul, intra regional service with independent commuter airlines is mostly dead...

- The economics have changed
- The consumer needs have changed
- The business communication needs have changed
- The time-efficiency is typically poor

Fact: just about every attempt at such service over the last twenty years has failed completely

There is no independent turf-based regional airline industry, anymore

Extinct Bird Spotting...



The business base and consumer needs that supported small airliners like this 30 years ago have both disappeared.

This means the machinery that provided mainline airline connectivity to several Pennsylvania communities is gone, too.

Next on the block: 50-seat jets



Changing Communication Needs, Changing Modalities

- **The need for physical proximity to do business is much less...**
- **The time-efficiency has deteriorated**
- **Short haul modes have evolved:**



Okay, Let's Stop With Hypotheticals

There are communities in the lower 48 that are literally cut off from local or alternative commercially-viable air service...

The economics of air transportation and the levels of revenue they can generate are galaxies apart

The challenge is to have communication access --- options?

Why...

“We don’t care where it goes... We just want scheduled air service...”

Let's Define "Air Service"

It provides access to and from the rest of the globe...

... With service factors that meet consumer needs and is at least in most cases superior to alternatives

Today: More & More Competition from better communication channels

Two Different Uses of Airliners



Two Different Consumer Groups

Certain Unpopular Realities – The Consumer

The local consumer will always say yes to using the local airport... typically when what the local airport might offer isn't described in the Survey Monkey questionnaire.

Often, the levels & structure of local air service that can be attracted are less time-efficient and consumer attractive than other options...

Examples: Youngstown (Pittsburgh), Naples (Ft. Myers), Muskegon (Grand Rapids)

They will always express loyalty to the local airport... But if there's better and more time-efficient service an hour away - even longer - they're in the car driving to it.



No, There Aren't New Tech Aircraft On The Way

Any small airliners on the drawing board represent high costs, low capacity, and questionable long-term sustainability (read: battery technology.)



The Cessna 408 is essentially the state of the art – a very old state.

More “studies” and analyses won’t find a solution – the challenge is clear.

In a digital economy, with declining dependence on air as a business modality, what alternatives do such communities face?

The 1960s are over... what communication alternatives now are emerging?

Counter-Intuitive Fact:

Today, the economic terrain is more level than ever for rural America...

Including Communities Without Scheduled Air Service Access

Back then, Mr. Nakamura would never consider...

2000

- ***18 hours on airplanes***
- ***Three Connections***
- ***2 hour ground van***
 - ***Each way.***

***Los Angeles, New York,
Washington, Seattle, etc. ALL
were much superior to
engender communication***

***No way Altoona could compete for any
such business because communication
channels were inferior...***

The new overall advantage for rural America...

Today, Altoona Is In Play



2021

*As much as 30 seconds to
log on to electronic
invitation to communicate,
exchange documents, plan
for the future...*

In the future, local air service will not be an absolute imperative

Two Words, Benjamin, Regarding Pennsylvania Airports' Future



Air Logistics

Air Logistics Is Not Your Father's Air Cargo

Historically, shipment of goods by air was relegated to high-value items that needed to be transported rapidly... time was the real commodity.



Today, that time commodity has become a consumer-imperative in the new retail chain. That coffee-maker, or blouse, or chain saw can be here tomorrow due to using aircraft for high-volume shipments.

Amazon was first, but will not be alone... the terminal sort center may well be the 737, or the ATR, or even the 777 that arrives, distributes the goods and leaves.

These “Distribution Points” Can Take Advantage of Williamsport, or College Station, or Oil City...

The future of logistics is reducing time from production to consumer.



Rural airports can have huge advantages in shaving time & cost from future distribution...

Once More: Keep This In Mind...



Questions?...

This Presentation Will Be Available At

www.AirportsUSA.com

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