

Skyguide fleshes out its strategy with a four-point plan

Geneva, February 5, 2008. Skyguide, Switzerland's air navigation service provider, is fleshing out its overall corporate strategy and adopting a new four-point plan in preparation for anticipated developments in the European air traffic management field. The actions resolved include further strengthening the newly-defined companywide safety culture, solving the present structural problem causing an earnings shortfall, increasing airspace capacity and adopting a modular service provision approach. Skyguide will also continue to maintain its present close and constructive collaboration with the Swiss Air Force, which permits the most flexible possible use to be made of Switzerland's limited airspace.

The supranational airspace areas that will be created over Europe as part of the drive towards a "Single European Sky" will radically alter the provision of the continent's air navigation services (ANS) in the next few years. In view of this, skyguide is now aligning its overall corporate strategy even more closely to these pan-European developments. Together with the Board of Directors and his Executive Management colleagues, new CEO Daniel Weder has been carefully assessing the present ANS environment and considering further business options since he assumed his new position in October 2007.

A strong Swiss ANS provider

The skyguide Board of Directors has now approved a raft of measures proposed by Executive Management to flesh out the company's overall business and operating strategy for the years ahead.

"We want to move Switzerland's air navigation services forward, to ensure that they occupy the best possible position in Europe's air traffic management landscape," says CEO Daniel Weder, commenting on the new measures. Skyguide has access to only a small and limited market in a broader European environment that is dominated by larger ANS organisations. In view of this, skyguide aims to pursue a collaboration strategy: to retain its own identity, the company will be actively striving for and developing new partnerships and further collaborative opportunities over the next few years.

Four-point plan for strategy implementation

Building on actions initiated already, skyguide has devised a four-point plan that should now be gradually implemented in close collaboration with the company's customers, its personnel, the supervisory authorities and partner service providers. The plan is centred on:

- strengthening the integrated companywide safety culture
- eliminating the projected future earnings shortfall as quickly as possible

- increasing air traffic management capacity in Swiss airspace
- adopting a more flexible and customer-focused modular business approach.

The new four-point plan and the emphases it embodies are specifically intended to enhance the safety, competitiveness, operating management efficiency and service product quality of the skyguide organisation.

Strengthening safety and the emphasis thereon

The actions resolved will put an even stronger emphasis on the skyguide safety culture. Responsibility for central, operational and technical safety, which is currently shared by several units, will be combined into a single organisational entity from March 2008 onwards whose head will sit on Executive Management. The Head of the new Safety, Security, Quality division will be Jürg Schmid, who is currently in charge of the Safety Management staff unit.

“Safety is our daily business and our paramount priority,” CEO Daniel Weder explains. “And these actions will further strengthen and emphasise safety considerations and concerns throughout our organisation.”

Eliminating the earnings shortfall

If its present financing structures are maintained, skyguide faces an earnings shortfall in the years ahead. And unless major action is taken to remedy this, the company will have to increase its user charges. The present negative scenario projects an earnings shortfall of some CHF 240 million by 2012. As an initial response, skyguide conducted last year’s “Challenge 07” efficiency enhancement programme. Challenge 07 is expected to reduce annual expenditure by some CHF 135 million, and the actions identified are currently being adopted.

These efficiency-raising measures will not be enough, other will be necessary. Additionally, the structural undercoverage will have to be eliminated. Under its current mandate, skyguide performs a number of services in the interests of the Swiss Confederation – such as providing air navigation services for Southern German and Northern Italian airspace, services at regional airports, etc. – whose remuneration is not adequate to cover the costs the company incurs. This “lost revenue” currently amounts to some CHF 65 million a year.

“Skyguide expects to have the same competitive playing field as any other European ANS provider,” says CEO Daniel Weder. “And it is the job of our legal authority to rectify the earnings shortfall we are sustaining as a result of the present structural arrangements.”

Should it be unable to consistently implement the full range of actions envisaged here under its four-point plan, skyguide would be forced to substantially increase its already-high user charges. Doing so, however, would risk placing the company in a far-from-advantageous position, given the coming competition

in Europe. It would also risk losing certain areas of its present activities – and the jobs in Switzerland associated with the same.

Raising airspace capacity

The capacities available in Switzerland's complex airspace must be urgently increased if skyguide is to cope with projected future traffic growth. The company's first priority here is to increase its air traffic controller numbers. To this end, controller training is to be doubled (at least) from spring 2008 onwards. Other actions here will include further improving training and learning methods along with the relevant work processes.

In fleshing out its overall corporate strategy, skyguide is also aligning its entire organisation to its own core processes. And this in turn should enhance the scope, authority and responsiveness of the company's frontline personnel.

Adopting a modular service provision approach

Many of Europe's ANS providers are coming to offer some of their services in the form of specific business modules. Skyguide considers this trend as an opportunity: this modular approach can provide an excellent organisational framework with which to meet the needs and challenges of the coming Single European Sky.

To this end, skyguide will combine all the services it currently provides at Switzerland's regional aerodromes and military air bases in a separate fully-owned subsidiary. The new approach should permit clearer cost structures, closer customer alignment and greater regional flexibility, while still retaining all the benefits of integration within the broader skyguide group.

Skyguide examines if further current activities – such as training and the aeronautical information service – should also be assigned to separate subsidiaries under skyguide's overall roof in the medium term.

The second central project at skyguide, alongside the adoption of the new modular approach, will be to focus resources on the Zurich site as swiftly as possible. The move from Zurich Airport to Wangen near Dübendorf, which was begun in 2006, is to be completed with the relocation of the Zurich area control centre in the first quarter of 2009.

Changes to Executive Management

Following the actions resolved, skyguide Executive Management will consist from March 1, 2008 of Daniel Weder (CEO), Francis Schubert (Deputy CEO & Corporate Development), Urs Ryf (Operations), Marc R. Bohren (Finance, Human Resources & Services), Jürg Schmid (Safety, Security, Quality) and Philippe Chappuis (Engineering & Technical Services). Skyguide's HR services will form part of the new Finance, Human Resources & Services division.

Further changes will be made to Executive Management in the course of 2008. Jürg Schmid, Head of Safety, Security, Quality, will be retiring at the end of the

year; and the present Head of Engineering & Technical Services will assume the newly-created strategic function of Head of Procurement & Sourcing as soon as his successor has been appointed.

“The four-point plan fleshes out the strategy and thanks to concrete measures ensures that it can be put into practice with all possible speed”, CEO Daniel Weder summarises. “It is indeed worthwhile to fight for a strong Swiss ANS provider within a changing European environment”.

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Picture Daniel Weder: http://www.skyguide.ch/en/_img/daniel_weder_2008.jpg

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Skyguide is responsible for providing air navigation services within Swiss airspace and in the airspace of certain adjoining regions in neighbouring countries. The company manages and monitors some 3 200 aircraft a day (or over 1.16 million a year) through some of Europe’s busiest and some of the most complex airspace. Skyguide is a non-profit limited company under Swiss private law which is majority-owned by the Swiss Confederation. Headquartered in Geneva, the company has an annual turnover of more than CHF 341 million and employs 1 400 people at 14 locations in Switzerland.
