

# Connecting commerce & community

**Amid the financial crisis in Greece, Sky Express has managed to be profitable. The airline's new CEO, Niki Karagoule Karageorgou, discusses the carrier's next phase of development with Bernie Baldwin.**

“

It's an industry with many technicalities, and every day I'm getting to know something new. What I've found exciting in my two and a half months here is that every day is a completely different day. It is challenging and exciting.”

Sky Express's CEO, Niki Karagoule Karageorgou, is giving her observations about the airline industry as she approaches 100 days in charge of the Greek carrier, having joined the company from the renewable energy industry.

“The people here are amazing. In the first three days when I had meetings with the managers of each department, I met people who were talking about their job and were smiling. It was a very positive message that I got,” Karagoule recalls.

This year sees Sky Express celebrating 10 years of operation, with the declaration “10 years, more than 60,000 flights” prominent on its website. One of the highlights of that period came in October last year when the carrier won the ERA Airline of the Year Silver Award for 2014/15, providing welcome recognition of its achievements. During this decade, according to Karagoule, Sky Express – as a team – has gained

experience, won the loyalty of customers and also established standard procedures.

The CEO confirms that with the airline's recent financial and operational results, it has not been the worst time to take over at the helm. “Among the reasons behind winning the ERA award was the financial performance of the company, despite all the adverse financial conditions of the Greek market and the economy,” she remarks.

## **FAMILY ATMOSPHERE**

“Today, we are pleased to count three consecutive profitable years since 2012 with strong liquidity levels, and we are confident that we are going to continue that profitable performance in this very hard year for Greece. So yes, the financial position of the company is strong,” Karagoule states, before emphasising another strength. “Sky Express is full of dedicated people who see the company as a family. This is rare and this has value. I believe it will help us to build a customer-oriented strategy, like a family welcoming you aboard.”

Regarding her knowledge and awareness of Sky Express during her previous roles, Karagoule remarks, “I was aware, but didn't fly



with them because the flights are mainly from Heraklion to the islands. My travels were not around here. I had my first experience when I came to visit the management of Sky Express.

“I was excited. I saw a fully functional team,” she recalls of that first visit. “Hard work had been done to achieve this, which was, of course, guided by – and supervised by – the authorities, the Hellenic CAA. There were clear and standardised processes and procedures backed with sophisticated software to assist our teams, including OASES for MRO and the computer reservations system (CRS).”

Karagoule reports that the financial IT systems are commercial applications bought

**Sky Express CEO Niki Karagoule Karageorgou, who took over the role at the end of June, has a strategy to give the airline a more extrovert brand.**



for the roles they perform. “They are fully supporting our accounting department, and the booking engine is connected through to the accounting systems,” she explains. “For the CRS system, we are using Avantik. It has been implemented for more than a year now and was also a reason behind Sky Express winning the ERA award.”

Smart use of the IT systems, Karagoule states, results in performance criteria that can be measured. “For example, in the first six months of 2015, we reached an on-time performance of 95.51%. We put great emphasis on that and work hard on it each and every day.”

Such on-time performance figures are notable as the airline often faces tricky weather conditions. Although many people might not expect it around the Greek islands, fog is quite a common phenomenon. Additionally, there are restrictions for some islands which mean that Sky Express is not allowed to fly there after sunset or before sunrise. “There are strict rules because they are small islands,” says Karagoule. At the other end of the scale of challenges is huge traffic in the summer. “We have four to five months during which the population of the islands increases six times. It’s amazing.”

This is just one more test facing Karagoule as she develops her role, aiming to follow some fine examples of executives coming from outside the aviation industry to have considerable success.

“I feel lucky to be part of this team and also highly responsible to continue the strong effort of recent years,” she admits. “There is a lot to be done, I believe. We have to implement a new strategy, which is a challenge in which I hope to succeed.”

With a fresh and detached view, Karagoule aims to use her strengths, particularly her experience as a strategy consultant, to make a difference. “I think →

that Sky Express needs a more extrovert strategy," she declares, before expounding her assessment of her new position.

"Yes, I'm new in the industry. I am very young, I am a European citizen and, like most, I've lived abroad and I travel a lot. My friends are not only Greek, they are Swedish, Italian, American, Brazilian and so on. So what I feel is that the world has moved away from its traditional borders. Today, Europe is the neighbourhood, the market. And Greece is just a part of it, like every European country.

"No one operates alone. This is a lesson learned the hard way from the crisis, especially in Greece. Economies are connected, so why not companies?" she asks rhetorically. "With my eye focused in Europe, my young age and eagerness for work, I intend to work on Sky Express's extrovert outlook. I truly believe that value is created through the co-operation that will come from our trusted partners – suppliers or other airlines.

"I came from a completely different field, the renewable energy sector, which – like aviation – is also a day-to-day changing sector," Karagoule continues. "They are both sectors with futures. People will not stop moving around and, of course, cannot do it without energy!"

As a consultant in renewable energy, Karagoule participated in mergers and acquisitions, in the financing of projects, and watched projects grow from concept to day-to-day operations – a wide and varied background. So when the Sky Express job came up, with quite a change of direction into a new industry, what were Karagoule's thought processes at the time?

#### ■ GOLDEN OPPORTUNITY

"It was a surprise for me. I didn't expect it," she comments. "It was around the end of May when I heard about this opportunity. At the time, I was ready for the change, because I'd seen the whole lifecycle of renewable energy projects. I thought that maybe it was a time to change direction or to become a total market expert in renewable energy – which I was not rejecting, but the tourism industry is real, it's a heavy industry in Greece."

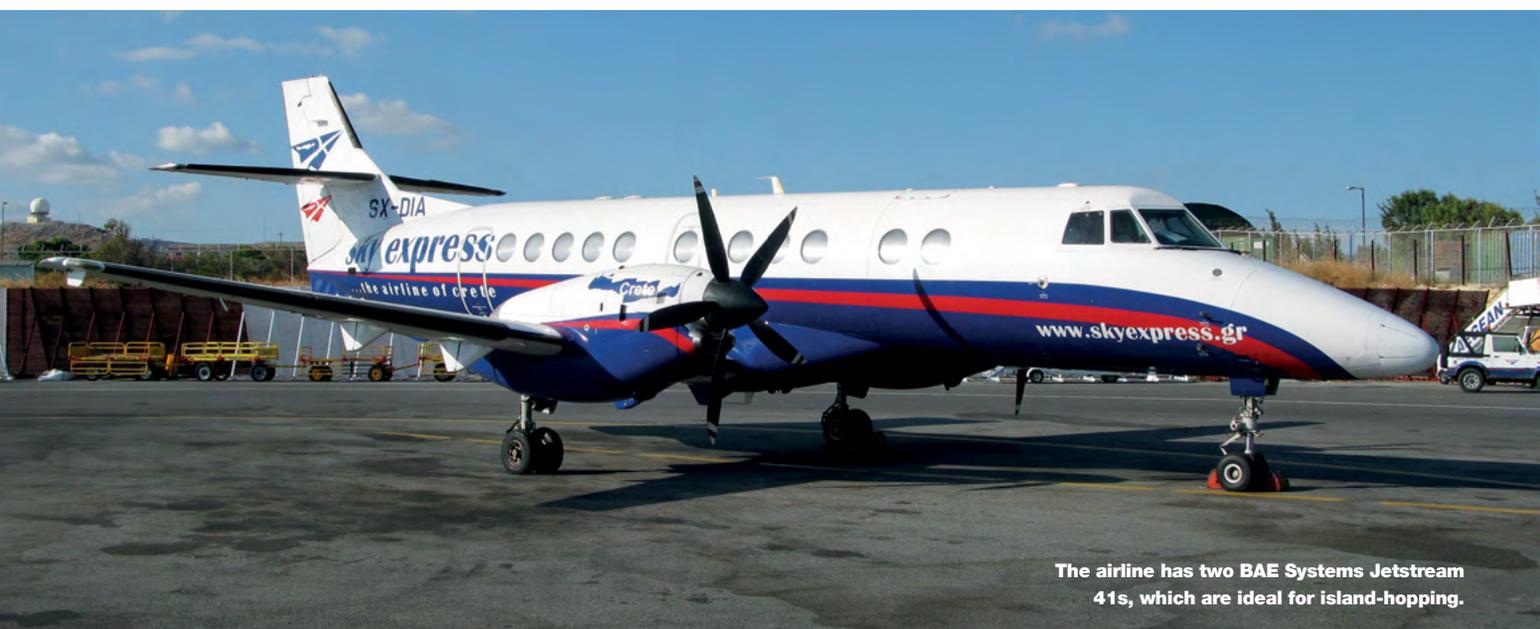
Karagoule therefore sees part of the role as benefitting the whole country by making Sky Express strong and helping the Greek economy at a time when it really needs it. "This is one of our goals, to participate and play a key role in the market," she acknowledges. "And tourism, despite the bad news you may hear about the Greek

economy, is really strong. The numbers reached a record high this summer."

Sky Express's route network covers many, but not all, of the Greek islands. One of Karagoule's aims is to expand to those islands not yet served by the carrier. "We fly to 15 different islands, 12 months a year. Some of these islands are bigger in terms of population, like Crete, Rhodes, Corfu and Mytilini, while others have fewer than 20,000 residents. Apart from these, we are also flying to Athens, Thessaloniki and Alexandroupolis on the mainland," she remarks.

"Indisputably, the islands, thanks to their natural beauty, and their rich historical and cultural heritage, are the key driver of the tourism industry in Greece, despite their lower population in comparison to the mainland. In my opinion, there is much growth available, and there is a combined attempt from tourism industry stakeholders to expand their tourism season, which is now four to five months, which will help further growth for the airline," she adds.

Certainly, adding an extra month at each end of the peak period would be very valuable to both the airline and the national economy. On the subject of going to more islands, Karagoule explains that some are served →



The airline has two BAE Systems Jetstream 41s, which are ideal for island-hopping.

only as Public Service Obligation (PSO) routes where only one operator can fly.

“We perform five of the 26 PSO routes. Of course, we are thinking of increasing that number while trying to balance our portfolio with commercial routes, mainly in the islands,” the CEO reports. Nearly four consecutive years of profit should mean that Sky Express will be in a strong position to win more than five PSOs when the routes are next put out to tender. “This is something we are targeting, and we hope we will succeed,” Karagoule elucidates.

The competition on the PSOs comes from Olympic Air and Astra Airlines. However, with two aircraft types in the Sky Express fleet – two ATR 42-300s and two BAE Systems Jetstream 41s – the ability to offer flexibility on capacity should also be a positive for winning new routes. “It is, because for PSO routes you are required to operate under specific terms. You need to operate two or three times per week, 12 months a year,” states Karagoule.

On whether any of these PSO routes could become self-sustaining, Karagoule believes it is very unlikely. “This is because the operator has to preserve normal frequencies throughout the whole year. And we are speaking about remote areas where the only alternative transportation is by sea,” she explains.

#### ■ VITAL LINK

“During winter times, load factors can fall below 20% to 15% or even 10%. Of course, during the summer, there is a completely different picture. But in winter, if an airline chose to operate there, it would either have to increase the fares incredibly or stop the operation for some period. But transportation in such places is not only for leisure, it’s a social responsibility,” she underlines. “We cannot leave these people unsupported during winter, because we have to transport people for medical reasons, students, army and business people – it’s not just travelling for vacations. And you can’t expect someone to pay something like €300 to go from one island to the next.



**Two ATR 42s provide the capacity on the thicker routes in Sky Express's network.**

“Let me give you an example of the social responsibility role that we play,” Karagoule continues. “Three days after I took up my role on 26 June, the banks closed. So it was practically impossible for the people to pay for their transportation. But what would be done with the passengers who had to travel between islands to go to a bigger hospital, or for other vital reasons?”

“At Sky Express, we took the decision to offer free transportation to these people, provided they were allowed to travel by the doctors. Apart from this, we also provided much lower fares during the whole period to help people make their necessary journeys, because no one would travel unless it was absolutely necessary,” she stresses. “Our clients are passengers who need our support throughout the year, and we are next to them, we are supporting them in the best way we can. These are mainly the passengers on the PSO routes, and I believe they appreciate it.”

In addition to the bank closures, the Greek islands had to deal with the arrival of a significant number of refugees. “In July specifically, when more than 40,000 immigrants arrived at the islands. That was equal to the total number of immigrants who arrived in Greece during the whole of last year,” Karagoule reports. Despite the challenge faced by local communities, she believes that tourists came and left satisfied.

Alongside gaining more PSO routes, interline and codeshare agreements that help to attract transfer passengers arriving in Athens or Thessaloniki are high on Karagoule’s agenda. “These are something we are examining and, in line with my comments about co-operation, are among the upcoming items to be examined with my commercial team.”

At present, Karagoule does not envisage Sky Express going outside Greece while seeking its more immediate growth. “This is

the market, and it is not the time to go outside the market,” she declares. “We have a fleet which is perfectly suited for the islands, and we expect investments and upgrades to be made in the infrastructure, which is what we want to see from the privatisation deal announced by Greece for 14 airports, from eight of which we provide service. We believe that this will also help in assisting growth in the islands.”

#### ■ WELCOME SUPPORT

Discussion of co-operation with other airlines leads onto Sky Express’s relationships with its major suppliers. One of these, maintenance software provider Commsoft, played a key role in helping the airline through a crucial period in its history. Already Karagoule has ensured that she is up to speed with the episode through discussions with Sky Express’s CAMO (Continuing Airworthiness Management Organisation) manager, Spiros Portokalakis.

“Of course, it was not me in the driver’s seat of Sky Express,” she begins, “as it relates to 2012 when the airline was undergoing a change in its ownership. The old owners had developed a program for maintenance planning on their own, and they were asking an incredibly high amount of money from the new Sky Express team to purchase it.

“So at that time, Sky Express made the strategic decision to change to a more sophisticated program, which was OASES. This was when Commsoft supported the departments very much, not only the CAMO but also the purchasing department.

“We are very satisfied with the software as it offers not just stores and maintenance planning, but also purchasing support through the system. We are now in full control of our stores; the system shows alert levels for spare parts. The CAMO department is better organised thanks to the maintenance planning

software solution, with its analysis and prediction tools allowing the follow-up of airworthiness directives relating to life-limited parts on the engines, propellers and landing gears.”

As an aside, Karagoule notes that Sky Express has big stores in Heraklion of both ATR and Jetstream parts, but holds a lot more of the latter. “That’s because for the Jetstreams it’s harder to find spare parts, which is why we keep a bigger stock.”

Returning to discussing her company’s MRO IT partner, Karagoule comments, “Apart from the software itself, Commsoft support is excellent. They reply in a maximum of two hours to each and every issue that we have through their support desks. And when it’s late at night in the UK, they have succeeded in

offering support 24/7. Even after software updates, any issues are successfully addressed within an hour. So Commsoft is a valuable partner, and we are very happy every time to introduce them to other airlines.”

#### INTERNATIONAL CO-OPERATION

Sky Express’s MRO work is focused on line maintenance at present. Its base maintenance is outsourced. “For the Jetstreams, we have been co-operating with an MRO provider in northern Italy, AirSupport International,” says Karagoule. “The ATRs have only once been for base maintenance, because they are very young in our fleet.” As a result of this, no long-term deal has yet been struck for heavy maintenance of the type.

Focusing again on future operations, Karagoule reiterates that although additional services in the short term will be domestic, the longer viewpoint has to be that Sky Express is operating in a European marketplace.

The islands, though, still come first, and to increase activity there, Karagoule and her team are developing the island-hopping concept. “It’s a really great concept if you think you can take an aircraft from, say, Corfu and travel to most of the Ionian islands in one week,” she proclaims.

“This is a project in which I want to invest more,” Karagoule emphasises. “It’s also a concept that can be supported by the hotels, by the whole tourism industry. As I said, tourism for Greece is a heavy industry, and the islands are its backbone.” ■



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