

ITS

was founded in May 2002 and since that time the company says it has refocused its strategy. ITS made its first acquisition of a complete aircraft in 2007. With that experience, ITS's leaders

redirected the company's focus to support the used serviceable material (USM) market and the global air transport industry. The company says this new strategy began with the MD-80 family and transformed ITS from a parts wholesaler into a global supply chain company. ITS began providing complex components and systems while developing in-house technical expertise on the entire airframe. Throughout the years, ITS has expanded the number of aircraft types it serves and has strategized with current and forecasted market demand to include support for various engines and APUs. ITS is headquartered in Chandler, Arizona, in a 100,000 sq. ft. state-of-the-art facility and holds ISO 9001:2015, AS9120B:2016, and ASA-100 accreditations. Aviation Maintenance spoke with Reid Selover, chief strategy officer, to learn more about the company, its business philosophy and its goals.

AVM: ITS has taken an interesting position in the supply chain arena. Tell us more about that and give us more background on the history of ITS.

Reid Selover: ITS is 24 years old, we just celebrated our 24th anniversary in the last couple months. It was founded by Ryan Kohnke and Scott Tinker. They were two college buddies that got into this space and the USM market. It is an interesting business and, in a nutshell, what ITS does is we buy aircraft and we help the airlines retire these aircraft. They have a certain life expectancy and at the end of that life we buy those aircraft, tear them down to the critical components. We have those components returned to service and then we sell those back to the airlines. That happens in a couple different ways. In some scenarios, the airlines actually consign these aircraft to us. They want to receive a little bit more of a return on their investment and this gives them a way to do that. And they

trust ITS to do that. And how we do that is we take those things, just like regular acquisition, we take over the aircraft, we tear them down. We have all the components and major pieces and everything across the entire aircraft, by the way, from tip to tail and we have those things returned to service. And then in the instances where we're helping the airlines retire them, they will keep some of those components, they will take some of those components back, or we'll sell them back into the market and then we share the value. So, they see a little bit more in their investing in that scenario.

AVM: What sets ITS apart from its competitors?

Selover: There is some competition in this space, but what sets us apart is we're very experienced in it. We have a lot of technical know-how. We've torn down well over 300 aircraft — I think the number is 330 aircraft and counting. So, there are not a lot of companies that have the level of experience that we have. The other thing we do is we look at the airlines, and we say if I have a major airline that's a customer, they have a specific type or several different types of aircraft that they operate. I will look at the different aircraft that are retiring that are available and I will target the types of aircraft specific to the customers that I'm going to bring back. I want to make sure that I have a steady state of supply for them. Other companies may be more opportunistic in the sense that they just get the aircraft that's available, then they tear it down and they sell it and then they don't know what the next aircraft's going to be.

AVM: What is ITS's strategic mission?

Selover: We want to be the best supply chain partner in the market. There's so much competition in this space that you really have to fight for those aircraft. You have to really position yourself in a good place with the people that own that aircraft so that you can buy it and then you have to do it in a smart way so that there's still value in it left for the airlines. That's where we're really strong. We call it winning the platform and then we earn the customer from there. We do that through our relationships. We have a concierge type, white glove approach to how we deal with our customers. We think these things through; we look at what their needs are and that's where we perform well.

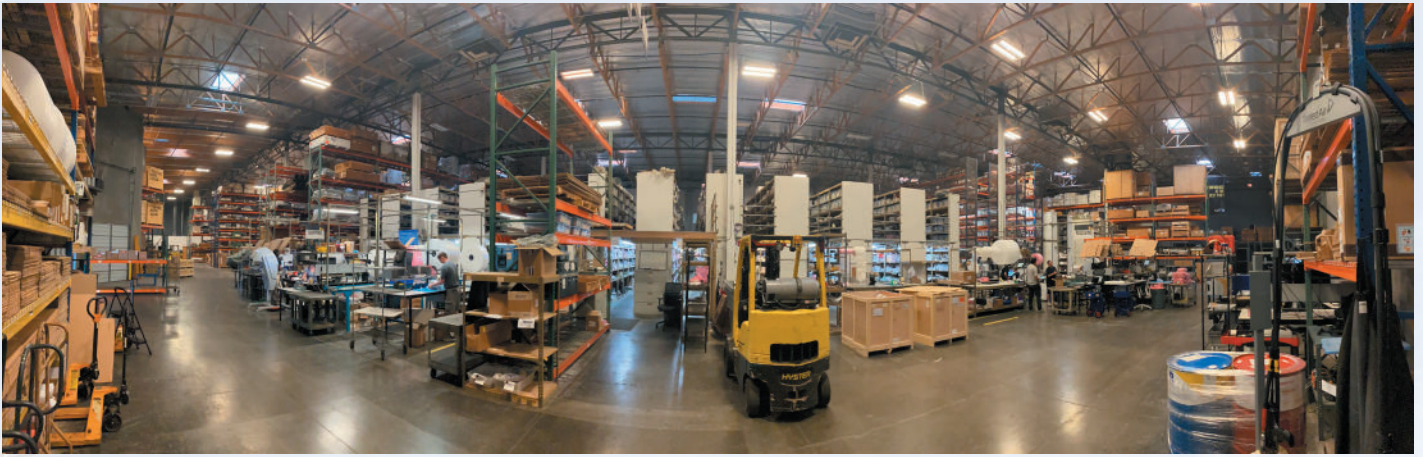
AVM: How do you determine what your customers' needs are?

Selover: That's where our experience comes in. We know, because we've been doing this so long, what fails and how often. Touching the parts, knowing what it is, knowing what it does, knowing where it lives, knowing how it works. We have a lot of experience. It's not just a part number on a page. We know what those parts look like, what they do, where they live, what other parts in the aircraft that it impacts and the other things that it touches.

AVM: Give us an example.

Selover: A good example are flap carriages on a 747. You've got a lot of metal that sits on those big heavy aircraft that are moving all the time, and they do certain things for that aircraft so they can fly. So, we want our team members to understand what they're working on, what they're supporting and how they're supporting it, so that they can help educate their customers and their counterparts in the airlines.





AVM: You say ITS places a lot of importance on communications and training. Tell us more about that.

Selover: We want to be good communicators. I mentioned earlier providing white glove service. We want to be able to make sure that we can communicate exactly what we do and how we do it. And so, some of the training we bring in is communication training. How should we talk to one another? What are the ways that people listen and hear you? What's important in the value proposition that we're offering so that our customers understand when we say we're going to take care of them. We know how we're going to do that and we help them understand how we're going to do that really well.

AVM: Is having the right team also important?

Selover: We want our team to understand what our history

is, our experience and our technical know-how so they can convey that to our customers. So, as I mentioned, we work on communication training. We work on teamwork. We rely on each other very heavily. This business doesn't turn off. We are available 24 hours a day, seven days a week. There's AOG support here and understand when you've got an aircraft on the ground you need to send parts counter-to-counter to keep that aircraft flying. And so, when the airline is at a work stoppage, you've got to know how to handle that. That's really what the training is for us. It is who we are as an organization — what's important to us. Internally we talk about our observable behaviors. This is what the best person is on the best day. We use those traits to hold ourselves accountable and to be better. The culture is a big, important thing for us and it's something that we're always going to work on. Even when you're getting it right, you have to be involved in that all the time. You don't turn that off either. It's intentional. It's an intentional culture. **AM**

