The Market for IFEC and CMS on VVIP and Business Aircraft - 2020 Edition

THE QUEEN'S AWARDS FOR ENTERPRISE: INTERNATIONAL TRADE 2020

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The Market for IFEC and CMS on VVIP and Business Aircraft

In 2017, Valour Consultancy published "*The Market for In-Flight Connectivity on VIP and Business Aircraft*", a report roundly described as the premier source of information on this quickly growing category. As well as updating on the information contained within the previous iteration, this new, expanded edition – in addition to the always hot-topic of IFC – provides a detailed view of the IFE and CMS markets. As such, it has been renamed as "*The Market for IFEC and CMS on VVIP and Business Aircraft*".

Overview

COVID-19 has had a huge impact on the IFC, IFE and CMS markets. Global air traffic was brought to an almost complete standstill by the outbreak and business aviation departures compared to the same months in 2019 were down by 32 per cent in March, 69 per cent in April, 47 per cent in May and 26 per cent in June.

Aircraft production, meanwhile, has taken a big hit after three years of consecutive increases between 2016 and 2019. Production rates are being re-aligned to market demand and deliveries across all business aircraft categories look like being down by 30 to 35 per cent year-on-year in 2020. Retrofits are down too, although new windows in availability for IFEC installations have provided some uplift.

The effect on IFC service revenues, meanwhile, has been profound and many aircraft owners and operators have chosen to reduce their monthly connectivity spend either through account suspensions or service-plan downgrades.

It is not all doom and gloom, however.

Indeed, our expectation is that business aviation will be one of the first industries to recover from the current crisis. The market will benefit from airline capacity reductions and people looking less favourably on travelling through crowded airports and in cramped commercial aircraft cabins.

So-called health corridors are already starting to emerge as increased interest in flying privately from those who haven't previously done so acts as a catalyst of the recovery. Many fractional providers are reporting that recent months have seen record enquiries from new customers. We also expect to see more business jets being used by corporations to transport employees beyond the C-suite to protect them from COVID-19.

This report provides an unparalleled insight into the current adoption of IFC, IFE and CMS on VVIP and business aircraft and how it is likely to change as we navigate through the "new normal".

Drivers and inhibitors of market growth are explored in great detail, alongside commentary on technology trends and the competitive environment. Market estimates and forecasts are also provided in Excel format for internal analysis.

Proposed Scope

The diagram below offers a visual summary of the quantitative analysis included in this report. 10 year forecasts are provided for all segmentations from 2020 until 2029 with an accurate base year for 2019 derived from rigorous primary research.

IN-FLIGHT CONNECTIVITY MARKET

Installed terminals
Connected aircraft
Yearly installations
TAM / penetration
Hardware revenues
Service revenues

IFE/CMS MARKET

Installed systems
Yearly installations
TAM / penetration
Hardware revenues

FITMENT TYPE

Retrofit
Line fitment

MARKET SHARES

Service providers
Network operators
IFE/CMS vendors
W-IFE vendors

Market Segmentations

GEOGRAPHIC REGION

Africa
Asia-Pacific
Central & South America
Europe
Middle East
North America

AIRCRAFT SIZE

Bizliners
Large cabin business jets
Super midsize business jets
Midsize business jets
Small cabin business jets
Very light business jets
Turboprops

CONNECTIVITY TYPE

Air-to-Ground (ATG)
L-band
Ku-band
Ka-band
Hybrid

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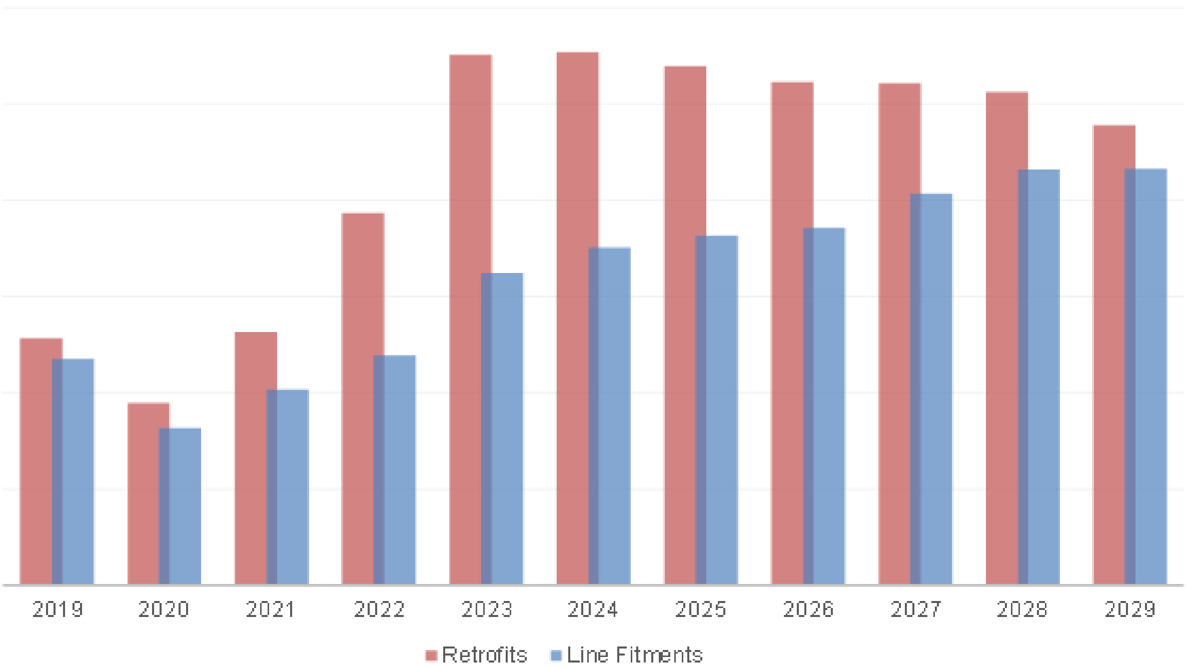
Total Number of IFC Terminals on VVIP and Business Aircraft by Aircraft Size: Forecast (2019 - 2029)
Installed Base at Year End

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	CAGR (19 - 29)
Bizliners	10	20	30	40	50	60	70	80	90	100	110	27.1%
Annual Growth		*100.0%*	*50.0%*	*33.3%*	*25.0%*	*20.0%*	*16.7%*	*14.3%*	*12.5%*	*11.1%*	*10.0%*	
Large Cabin Business Jets	10	20	30	40	50	60	70	80	90	100	110	27.1%
Annual Growth		*100.0%*	*50.0%*	*33.3%*	*25.0%*	*20.0%*	*16.7%*	*14.3%*	*12.5%*	*11.1%*	*10.0%*	
Super Midsize Business Jets	10	20	30	40	50	60	70	80	90	100	110	27.1%
Annual Growth		*100.0%*	*50.0%*	*33.3%*	*25.0%*	*20.0%*	*16.7%*	*14.3%*	*12.5%*	*11.1%*	*10.0%*	
Midsize Business Jets	10	20	30	40	50	60	70	80	90	100	110	27.1%
Annual Growth		*100.0%*	*50.0%*	*33.3%*	*25.0%*	*20.0%*	*16.7%*	*14.3%*	*12.5%*	*11.1%*	*10.0%*	
Small Cabin Business Jets	10	20	30	40	50	60	70	80	90	100	110	27.1%
Annual Growth		*100.0%*	*50.0%*	*33.3%*	*25.0%*	*20.0%*	*16.7%*	*14.3%*	*12.5%*	*11.1%*	*10.0%*	
Very Light Business Jets	10	20	30	40	50	60	70	80	90	100	110	27.1%
Annual Growth		*100.0%*	*50.0%*	*33.3%*	*25.0%*	*20.0%*	*16.7%*	*14.3%*	*12.5%*	*11.1%*	*10.0%*	
Turboprops	10	20	30	40	50	60	70	80	90	100	110	27.1%
Annual Growth		*100.0%*	*50.0%*	*33.3%*	*25.0%*	*20.0%*	*16.7%*	*14.3%*	*12.5%*	*11.1%*	*10.0%*	
Total	**10**	**20**	**30**	**40**	**50**	**60**	**70**	**80**	**90**	**100**	**110**	**27.1%**
Annual Growth		***100.0%***	***50.0%***	***33.3%***	***25.0%***	***20.0%***	***16.7%***	***14.3%***	***12.5%***	***11.1%***	***10.0%***	

Source: Valour Consultancy July 2020

Chart 3.4
Annual Installations of IFC on VVIP and Business Aircraft by Fitment Type
Annual Installations During Calendar Year



Source: Valour Consultancy July 2020

Overview

Valour Consultancy conducted more than 30 interviews with a variety of companies involved in the business aviation market. This includes:

- Aircraft OEMs
- MROs and completion centres
- Connectviity service providers
- IFEC equipment manufacturers
- Satellite operators
- Fleet operators
- Corporate flight departments

Coverage

Accurate data on the current market size for IFC, IFE and CMS systems

Forecasts out to 2029 with robust justifications including the impact of the COVID-19 pandemic

Focus on annual installations, installed aircraft and associated revenues (hardware and services)

Thorough explanation of key drivers and inhibitors of market growth

Discussion of transformative technology trends at play, including the emergence of flat panel antennas and NGSO satellites

Market shares and detailed profiles of 29 companies active in the market

Analysis of different business models and positioning strategies

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