



#### JACQUES LAFAY

➤ Lafay is the transport business development director for Steria and the president of Proavia (French airport technology trade association). He joined Steria in 1973 and has held various positions within the company – in consulting, software development, project management and sales. He holds a masters in science in engineering economic systems from Stanford University, US.

## IT'S GOOD TO TALK

➤ ARE OPPORTUNITIES MISSED BECAUSE THE CONTRACTORS' FOCUS IS ON COST RATHER THAN AIRPORT NEEDS? **JACQUES LAFAY**, PRESIDENT OF PROAVIA, EXPLORES THE ISSUE PREOCCUPYING EUROPEAN AIRPORT SUPPLIERS AND OPERATORS.

The role of prime contractors in airport developments is ever more crucial, especially because of their choice of equipment suppliers and service providers. Getting contractors, subcontractors and airport operators around the same table can head off many problems, especially because they all have to deal with a flood of new contractors and growing pressure to cut project costs.

Suppliers of essential equipment and services to airports must face the changing dynamics of the global market. New airport developments are increasingly handed over to prime contractors. This leaves the prime contractor in total control of balancing cost efficiency and quality.

Furthermore, as more companies are appointed as prime contractors, some suppliers are concerned that the balance may be harder to achieve.

'If a prime contractor is used to working on airports and understands airport processes, then it issues bids for subcontractors that meet the project's

concerned about a threat to their competitive position as Chinese contractors move into non-domestic projects.

'The French suppliers we represent are used to dealing with prime contractors, of which some of the new ones are Chinese. We have encountered them mainly in Africa, including a new terminal project in Algiers. We have certainly had success with them in projects in China,' says Lafay.

#### Building relationships

In Proavia's experience, cost pressure is an issue not only with Chinese prime contractors. Any project that developers hand over entirely to a prime contractor will face problems. Lafay believes that the key to success for a new airport is to choose a contractor that understands how airport processes work and has experience of the industry.

'Equipment suppliers face a common problem in that if a prime contractor has complete control over an airport project it will try to crush the subcontractors' prices. Sometimes

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needs,' remarks Jacques Lafay, the chairman of Proavia, the French airport and air traffic control technology trade association. 'But if they don't have that knowledge and are constrained by margin considerations, they may not satisfy those needs. Another constraint with Chinese prime contractors could be that they source equipment and services from their domestic suppliers for projects outside China. We don't yet know enough of these suppliers well, and we are in a less favourable price position,' he comments.

Proavia is an information and promotion gateway for contractors, seeking French suppliers of goods, services or expertise for airport terminals – and providing ATC and maintenance services.

Proavia's members know some of the new contractors entering the market but are

the prime contractor doesn't care about the quality of what it buys so long as it's cheap,' says Lafay. 'IT systems and equipment may only account for 20% of total capital costs for a new airport, but if they don't work then the airport goes down.

The solution, Lafay believes, is direct communication with the customer to settle quality issues first, before discussions begin over how much the required equipment and services will cost. ○

#### HAVE YOUR SAY

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